As filed with the Securities and Exchange Commission on June 21, 2011

Registration No. 333-173035

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 3
to

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	**1311**	**55-0229830**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(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. o

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. o

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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o   Accelerated filer o
Non-accelerated filer ☒ (Do not check if a smaller reporting company)   Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

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(3)

(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.

(3) Previously paid.

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.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantor as Specified in its Charter(1)	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
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

(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.

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 June 21, 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 12:00 a.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 17 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.

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.

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. Our North America segment includes over 180 branches, 6 distribution centers in the U.S. and 1 in Canada, with 13 valve automation service centers and over 180 pipe yards located in the most active oil and natural gas regions in North America. Our International segment includes over 30 branch locations throughout Europe, Asia and Australasia with distribution centers in the United Kingdom and Singapore.

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. 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.

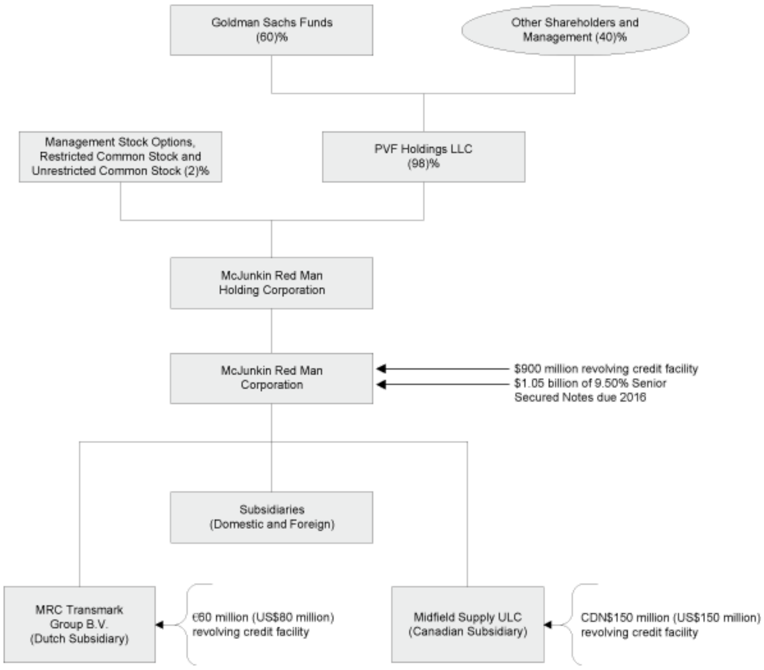
Recent Developments

On May 25, 2011, we signed an agreement to acquire 100% of the outstanding common stock of Stainless Pipe and Fittings Australia Pty Ltd ("SPF"). Headquartered in Perth, Western Australia, SPF is a distributor of stainless steel piping products generating annual revenues of approximately US$100 million through its seven locations across Australia as well as Korea, Italy, United Kingdom, and United Arab Emirates. This transaction closed on June 9, 2011.

On June 14, 2011, we entered into a $1.05 billion asset-based revolving credit facility. The proceeds of this facility were used to repay outstanding indebtedness under our previous asset-based revolving credit facility, the Midfield revolving credit facility and the Midfield term loan facility and will be used to fund the ongoing needs of our business (collectively, the "Refinancing"). This facility has a five year term maturing on June 14, 2016.

Corporate Structure

The following chart illustrates our simplified organization and ownership structure:



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 (Ahlsell 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	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.
	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.
The Exchange Offer	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."
Tenders; Expiration Date; Withdrawal	The exchange offer will expire at 12:00 a.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.
Condition to the Exchange Offer	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.
	The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered in the exchange.
Procedures for Tendering Outstanding Notes	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.
	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.
	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.

	See “The Exchange Offer — How to Tender Outstanding Notes for Exchange.”
United States Federal Tax Considerations	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 “Material United States Federal Tax Considerations”.
Use of Proceeds	We will not receive any cash proceeds from the exchange offer.
Exchange Agent	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.”
Consequences of Failure to Exchange Your Outstanding Notes	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.
Resales of the Exchange Notes	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: • you are not a broker-dealer tendering notes acquired directly from us; • you acquire the exchange notes issued in the exchange offer in the ordinary course of your business; • 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 • you are not an “affiliate” of our company, as that term is defined in Rule 405 of the Securities Act. 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. 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.

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	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.
	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."
Collateral	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.
	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".
	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.

	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".
Ranking	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 March 31, 2011: • we and the Subsidiary Guarantors had $245 million outstanding under our revolving credit facility and outstanding letters of credit of approximately $4.8 million (with $377 million of available borrowings under our revolving credit facility), and, as of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, we would have had $255 million outstanding under our revolving credit facility and outstanding letters of credit of approximately

	$4.8 million (with $380 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; • our non-guarantor subsidiaries had indebtedness of $59 million and borrowing availability of an additional $100 million, and, as of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, our non-guarantor subsidiaries would have had indebtedness of $59 million and borrowing availability of an additional $156 million, all of which would rank senior to the exchange notes; • 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; • we and the guarantors had no subordinated indebtedness; and • our parent guarantor had no indebtedness other than its guarantee of the outstanding notes. See "Description of Exchange Notes — Brief Description of the Notes and the Note Guarantees".
Intercreditor Agreement	The collateral trustee has entered into an intercreditor agreement with the Issuer, the Subsidiary Guarantors and Bank of America, N.A., as collateral agent 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".
Collateral Trust Agreement	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".
Sharing of Liens and Collateral	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.
Optional Redemption	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”. 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”.
Offers to Purchase	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”.
Covenants	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: • 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 exchange 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 our subsidiaries as unrestricted subsidiaries.

	These covenants are subject to a number of important exceptions and qualifications, which are described under “Description of Exchange Notes”.
Original Issue Discount	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 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 “Material United States Federal Tax Considerations — Stated Interest and Original Issue Discount”.
No Assurance of Active Trading Market	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 summary consolidated financial information presented below under the captions Statement of Operations Data and Other Financial Data for the three months ended March 31, 2011 and 2010, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of March 31, 2011 and March 31, 2010, have been derived from the unaudited consolidated financial statements of McJunkin Red Man Holding Corporation included elsewhere in this prospectus. We have prepared the summary consolidated financial information for the three months ended March 31, 2011 and 2010 on a basis consistent with our audited consolidated financial statements for the year ended December 31, 2010, and this information includes all adjustments (consisting of only normal recurring adjustments unless otherwise disclosed therein) that management considers necessary for a fair presentation of our financial position and results of operations for the periods indicated. Our results for the three months ended March 31, 2011 are not necessarily indicative of our results for the full fiscal year.

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.

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,			Eleven Months Ended December 31,	One Month Ended January 30,	Year Ended December 31,
	2011	2010	2010	2009	2008	2007	2007	2006
	(Unaudited)		(In millions, except per share information)					
Statement of Operations Data:								
Sales	$ 991.8	$ 858.3	$ 3,845.5	$ 3,661.9	$ 5,255.2	$ 2,124.9	$ 142.5	$ 1,713.7
Cost of sales	844.8	728.8	3,327.0	3,067.4	4,273.1	1,761.9	114.9	1,398.5
Inventory write-down	—	—	0.4	46.5	—	—	—	—
Gross margin	147.0	129.5	518.1	548.0	982.1	363.0	27.6	315.2
Selling, general and administrative expenses	114.8	108.1	447.8	408.6	482.1	218.5	15.9	189.5
Goodwill and intangibles impairment charge	—	—	—	386.1	—	—	—	—
Operating income (loss)	32.2	21.4	70.3	(246.7)	500.0	144.5	11.7	125.7
Other (expense) income								
Interest expense	(33.5)	(35.3)	(139.6)	(116.5)	(84.5)	(61.7)	(0.1)	(2.8)
Net gain on early extinguishment of debt	—	—	—	1.3	—	—	—	—
Change in fair value of derivative instruments	1.9	(4.1)	(4.9)	8.9	(6.2)	—	—	—
Other, net	(2.4)	(0.4)	(1.0)	(1.8)	(2.6)	(0.8)	(0.4)	(5.0)
Total other (expense) income	(34.0)	(39.8)	(145.5)	(108.1)	(93.3)	(62.5)	(0.5)	(7.8)
Income (loss) before income taxes	(1.8)	(18.4)	(75.2)	(354.8)	406.7	82.0	11.2	117.9
Income taxes	(0.7)	(6.5)	(23.4)	(15.0)	153.2	32.1	4.6	48.3
Net income (loss)	$ (1.1)	$ (11.9)	$ (51.8)	$ (339.8)	$ 253.5	$ 49.9	$ 6.6	$ 69.6
Other Financial Data:								
Net cash provided by (used in) operations	5.8	6.4	112.5	505.5	(137.4)	110.2	6.6	18.4
Net cash provided by (used in) investing activities	11.9	(4.4)	(16.2)	(66.9)	(314.2)	(1,788.9)	(0.2)	(3.3)
Net cash provided by (used in) financing activities	(30.8)	(23.8)	(97.9)	(393.9)	452.0	1,687.2	(8.3)	(17.2)
Adjusted Gross Margin(1)	173.5	154.2	663.2	493.5	1,164.0	400.6	27.9	331.6
Adjusted EBITDA(2)	59.6	48.5	224.2	218.5	744.4	344.9	26.0	141.7

	Three Months Ended March 31,		Successor				Predecessor
	2011	2010	Year Ended December 31, 2010	Year Ended December 31, 2009(1)	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Unaudited)						
Balance Sheet Data:							
Cash and cash equivalents	$ 42.1	$ 34.5	$ 56.2	$ 56.2	$ 12.1	$ 10.1	$ 3.7
Working capital(3)	848.2	921.6	842.6	930.2	1,208.0	674.1	212.3
Total assets	2,969.5	3,024.4	2,991.2	3,083.2	3,919.7	3,083.8	481.0
Total debt(4)	1,333.0	1,430.2	1,360.2	1,452.6	1,748.6	868.4	13.0
Stockholders' equity	700.6	727.3	689.8	743.9	987.2	1,262.7	258.2

(1) We define Adjusted Gross Margin as sales, less cost of sales, plus depreciation and amortization, amortization of intangibles, and plus or minus the impact of our last in first out ("LIFO") inventory costing methodology. We present Adjusted Gross Margin because we believe it is a useful indicator of our operating performance and facilitates a meaningful comparison to our peers. We believe this for the following reasons:

- Our management uses Adjusted Gross Margin for planning purposes, including the preparation of our annual operating budget and financial projections. This measure is also used to assess the performance of our business.
- Adjusted Gross Margin is used by investors to measure a company's operating performance without regard to items, such as depreciation and amortization, and amortization of intangibles, that can vary substantially from company to company depending upon the nature and extent of transactions they have been involved in. Similarly, the impact of the LIFO inventory costing method can cause results to vary substantially from company to company depending upon whether those companies elect to utilize the LIFO method and depending upon which LIFO method they may elect.
- Securities analysts can use Adjusted Gross Margin as a supplemental measure to evaluate overall operating performance of companies.

Particularly, we believe that Adjusted Gross Margin is a useful indicator of our operating performance because Adjusted Gross Margin measures our company's operating performance without regard to acquisition transaction-related amortization expenses.

However, Adjusted Gross Margin does not represent and should not be considered an alternative to gross margin or any other measure of financial performance calculated and presented in accordance with GAAP. Our Adjusted Gross Margin may not be comparable to similar measures reported by other companies because other companies may not calculate Adjusted Gross Margin in the same manner as we do. Although we use Adjusted Gross Margin as a measure to assess the operating performance of our business, Adjusted Gross Margin has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include depreciation and amortization expense. 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 amortization expense associated with our intangible assets further limits the usefulness of this measure. Furthermore, Adjusted Gross Margin does not account for our LIFO inventory costing methodology, and therefore, to the extent that recently purchased inventory accounts for a relatively large portion of our sales, Adjusted Gross Margin may overstate our operating performance. Because Adjusted Gross Margin does not account for certain expenses, its utility as a measure of our operating performance has material limitations. Because of these limitations, management does not view Adjusted Gross Margin 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 Gross Margin to gross margin (in millions):

	Successor						Predecessor	
	Three Months Ended March 31, 2011 (Unaudited)	Three Months Ended March 31, 2010 (Unaudited)	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Eleven Months Ended December 31, 2007	One Month Ended January 31, 2007	Year Ended December 31, 2006
Gross Margin	$ 147.0	$ 129.5	$ 518.1	$ 548.0	$ 982.1	$ 363.0	$ 27.6	$ 315.2
Depreciation	4.0	4.0	16.6	14.5	11.3	5.4	0.3	3.9
Amortization of Intangibles	12.4	13.8	53.9	46.6	44.4	21.9	—	0.3
LIFO	10.1	6.9	74.6	(115.6)	126.2	10.3	—	12.2
Adjusted Gross Margin	$ 173.5	$ 154.2	$ 663.2	$ 493.5	$ 1,164.0	$ 400.6	$ 27.9	$ 331.6

(2) We define Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles, 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 and goodwill impairment) and plus or minus the impact of our LIFO inventory costing methodology. 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 our LIFO inventory costing methodology, 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):

	Successor						Predecessor	
	Three Months Ended March 31, 2011 (Unaudited)	Three Months Ended March 31, 2010 (Unaudited)	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Eleven Months Ended December 31, 2007	One Month Ended January 31, 2007	Year Ended December 31, 2006
Net income (loss)	$ (1.1)	$ (11.9)	$ (51.8)	$ (339.8)	$ 253.5	$ 49.9	$ 6.6	$ 69.6
Income taxes	(0.7)	(6.5)	(23.4)	(15.0)	153.2	32.1	4.6	48.3
Interest expense	33.5	35.3	139.6	116.5	84.5	61.7	0.1	2.8
Depreciation and amortization	4.0	4.0	16.6	14.5	11.3	5.4	0.3	3.9
Amortization of intangibles	12.4	13.8	53.9	46.6	44.4	21.9	—	0.3
Amortization of Purchase Price Accounting	—	—	—	15.7	2.4	—	—	—
Changes in fair value of derivative instruments	(1.9)	4.1	4.9	(8.9)	6.2	—	—	—
Closed locations	—	—	(0.7)	1.4	—	—	—	—
Equity based compensation	1.5	1.0	3.7	7.8	10.2	3.0	—	—
Franchise taxes	—	—	0.7	1.4	1.5	—	—	—
Gain on early extinguishment of debt	—	—	—	(1.3)	—	—	—	—
Goodwill and intangibles impairment charge	—	—	—	386.1	—	—	—	—
Inventory write-down	—	—	0.4	46.5	—	—	—	—
IT system conversion costs	—	—	—	2.4	1.4	—	—	—
M&A transaction & integration expenses	—	—	1.4	17.5	34.8	12.7	—	0.4
Midway-Tristate pre-acquisition contribution	—	—	—	—	—	2.8	1.0	—
Consulting fees	—	—	2.9	0.9	0.4	—	—	3.0
Provision for uncollectible accounts	(0.3)	(0.5)	(2.0)	1.0	7.7	0.4	—	0.4
Red Man Pipe & Supply Co. pre-acquisition contribution	—	—	—	—	—	142.2	13.1	—
Severance and related costs	—	—	4.4	4.4	—	—	—	—
Transmark Fcx pre-acquisition contribution	—	—	—	38.5	—	—	—	—
LIFO	10.1	6.9	74.6	(115.6)	126.2	10.3	—	12.2
Other non-recurring and non-cash expenses	2.1	2.3	(1.0)	(2.1)	6.7	2.5	0.3	0.8
Adjusted EBITDA	$ 59.6	$ 48.5	$ 224.2	$ 218.5	$ 744.4	$ 344.9	$ 26.0	$ 141.7

(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. 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 March 31, 2011, we had $1.33 billion of total indebtedness and our revolving credit facilities would permit additional borrowings of up to $487 million. In addition, as of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, we would have had $1.34 billion of total indebtedness and our revolving credit facilities would permit additional borrowings of up to $536 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 March 31, 2011, we had $292 million of secured indebtedness outstanding under our and our subsidiaries' revolving credit facilities and up to $487 million would have been available for borrowing under our and our subsidiaries' revolving credit facilities. In addition, as of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, we would have had $302 million of secured indebtedness outstanding under our and our subsidiaries' revolving credit facilities and up to $536 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 March 31, 2011, the notes and the related guarantees were effectively subordinated to $245 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 $377 million was available for borrowing as additional secured debt under our revolving credit facility. As of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, the notes and the related guarantees would have been effectively subordinated to $255 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 $380 million would have been 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 March 31, 2011, the notes and the related guarantees were effectively subordinated to $245 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 $377 million was available for borrowing as additional secured debt under our revolving credit facility. As of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, the notes and the related guarantees would have been effectively subordinated to $255 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 $380 million would have been 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 "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 “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 $1.0 million as of March 31, 2011, 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 voidance. 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 $17.5 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 945 claims as of March 31, 2011 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 — 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 March 31, 2011, 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 $386 million during the year ended December 31, 2009. This charge was based on the results of our annual impairment tests for goodwill and intangible assets, which indicated that the book value of these assets exceeded their 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.

In May 2011, we concluded that we had a material weakness in the design and operations of controls and procedures for testing impairment of indefinite lived intangible assets as of December 31, 2010 and 2009. We remediated this material weakness through the adoption of a formal policy governing our intangible impairment analysis that has enhanced preventative and detective controls, including multi-layered review procedures and input validation.

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.

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,			Eleven Months Ended December 31,	One Month Ended January 30,	Year Ended December 31,
	2011*	2010*	2010*	2009*	2008	2007	2007	2006
Ratio of earnings to fixed charges	—	—	—	—	5.8x	2.3x	107.7x	38.2x

* Earnings were insufficient to cover fixed charges by $2 million and $18 million for the three months ended March 31, 2011 and 2010, respectively, and by $75 million and $355 million for the years ended December 31, 2010 and 2009, 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 March 31, 2011 on a historical basis and on an as adjusted basis after giving effect to our entry into our new $1.05 billion asset-based revolving credit facility and the repayment of our previous asset-based revolving credit facility, the Midfield revolving credit facility and the Midfield term loan facility. This table should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of March 31, 2011	
	Actual	As Adjusted
	(Dollars in millions)	
Cash and cash equivalents	$ 42	$ 42
Total Debt (including current portion):		
Revolving credit facility(1)	$ 245	$ 283
Midfield revolving credit facility(2)	23	—
Midfield term loan facility	5	—
Transmark revolving credit facility(3)	23	23
Transmark factoring facility	8	8
Outstanding notes	1,029	1,029
Total debt	1,333	1,343
Total equity	701	701
Total capitalization	$ 2,034	$ 2,044

(1) As of March 31, 2011, we had availability of $377 million under our revolving credit facility. As of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, we would have had availability of $485 million under our new revolving credit facility.

(2) As of March 31, 2011, we had availability of $59 million under the Midfield revolving credit facility.

(3) As of March 31, 2011, there was $51 million of availability under the revolving portion of Transmark's primary credit facility. As of March 31, 2011, on an as adjusted basis after giving effect to the Refinancing, there would have been $51 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.

The selected consolidated financial information presented below under the captions Statement of Operations Data and Other Financial Data for the three months ended March 31, 2011 and 2010, and the selected consolidated financial information presented below under the caption Balance Sheet Data as of March 31, 2011 and March 31, 2010, have been derived from the unaudited consolidated financial statements of McJunkin Red Man Holding Corporation included elsewhere in this prospectus. We have prepared the selected consolidated financial information for the three months ended March 31, 2011 and 2010 on a basis consistent with our audited consolidated financial statements for the year ended December 31, 2010, and this information includes all adjustments (consisting of only normal recurring adjustments unless otherwise disclosed therein) that management considers necessary for a fair presentation of our financial position and results of operations for the periods indicated. Our results for the three months ended March 31, 2011 are not necessarily indicative of our results for the full fiscal year.

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,			Eleven Months Ended December 31,	One Month Ended January 30,	Year Ended December 31,
	2011	2010	2010	2009	2008	2007	2007	2006
	(Unaudited)		(In millions, except per share information)					
Statement of Operations Data:								
Sales	$ 991.8	$ 858.3	$ 3,845.5	$ 3,661.9	$ 5,255.2	$ 2,124.9	$ 142.5	$ 1,713.7
Cost of sales	844.8	728.8	3,327.0	3,067.4	4,273.1	1,761.9	114.9	1,398.5
Inventory write-down	—	—	0.4	46.5	—	—	—	—
Gross margin	147.0	129.5	518.1	548.0	982.1	363.0	27.6	315.2
Selling, general and administrative expenses	114.8	108.1	447.8	408.6	482.1	218.5	15.9	189.5
Goodwill and intangibles impairment charge	—	—	—	386.1	—	—	—	—
Operating income (loss)	32.2	21.4	70.3	(246.7)	500.0	144.5	11.7	125.7
Other (expense) income								
Interest expense	(33.5)	(35.3)	(139.6)	(116.5)	(84.5)	(61.7)	(0.1)	(2.8)
Net gain on early extinguishment of debt	—	—	—	1.3	—	—	—	—
Change in fair value of derivative instruments	1.9	(4.1)	(4.9)	8.9	(6.2)	—	—	—
Other, net	(2.4)	(0.4)	(1.0)	(1.8)	(2.6)	(0.8)	(0.4)	(5.0)
Total other (expense) income	(34.0)	(39.8)	(145.5)	(108.1)	(93.3)	(62.5)	(0.5)	(7.8)
Income (loss) before income taxes	(1.8)	(18.4)	(75.2)	(354.8)	406.7	82.0	11.2	117.9
Income taxes	(0.7)	(6.5)	(23.4)	(15.0)	153.2	32.1	4.6	48.3
Net income (loss)	$ (1.1)	$ (11.9)	$ (51.8)	$ (339.8)	$ 253.5	$ 49.9	$ 6.6	$ 69.6
Earnings (loss) per share:								
Basic	$ (0.01)	$ (0.07)	$ (0.31)	$ (2.15)	$ 1.63	$ 0.72	—	—
Diluted	$ (0.01)	$ (0.07)	$ (0.31)	$ (2.15)	$ 1.63	$ 0.72	—	—
Dividends per common share	—	—	$ —	$ 0.02	$ 3.05	$ —	—	—

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,			Eleven Months Ended December 31,	One Month Ended January 30,	Year Ended December 31,
	2011	2010	2010	2009	2008	2007	2007	2006
	(Unaudited)		(In millions, except per share information)					
Earnings per share:								
Basic and diluted, Class A	—	—	—	—	—	—	$ 376.70	$ 3,972.08
Basic and diluted, Class B	—	—	—	—	—	—	$ 376.70	$ 4,012.28
Dividends per common share:								
Class A	—	—	—	—	—	—	$ —	$ 40.00
Class B	—	—	—	—	—	—	$ —	$ 80.00
Balance Sheet Data:								
Cash and cash equivalents	$ 42.1	$ 34.5	$ 56.2	$ 56.2	$ 12.1	$ 10.1	$ 2.0	$ 3.7
Working capital(1)	848.2	921.6	842.6	930.2	1,208.0	674.1	211.1	212.3
Total assets	2,969.5	3,024.4	2,991.2	3,083.2	3,919.7	3,083.8	474.2	481.0
Total debt(2)	1,333.0	1,430.2	1,360.2	1,452.6	1,748.6	868.4	4.8	13.0
Stockholders' equity	700.6	727.3	689.8	743.9	987.2	1,262.7	245.2	258.2
Other Financial Data:								
Adjusted Gross Margin(4)	173.5	154.2	663.2	493.5	1,164.0	400.6	27.9	331.6
Adjusted EBITDA(3)	$ 59.6	$ 48.5	$ 224.2	$ 218.5	$ 744.4	$ 344.9	$ 26.0	$ 141.7
Net cash provided by (used in) operations	5.8	6.4	112.5	505.5	(137.4)	110.2	6.6	18.4
Net cash (used in) investing activities	11.9	(4.4)	(16.2)	(66.9)	(314.2)	(1,788.9)	(0.2)	(3.3)
Net cash (used in) provided by financing activities	(30.8)	(23.8)	(97.9)	(393.9)	452.0	1,687.2	(8.3)	(17.2)

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

(2) Includes current portion.

(3) See footnote (2) on page 15 for a description of how we define Adjusted EBITDA, why we present it and limitations on its usefulness.

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

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,	Year Ended December 31,	Year Ended December 31,	Eleven Months Ended December 31,	One Month Ended January 31,	Year Ended December 31,
	2011	2010	2010	2009	2008	2007	2007	2006
	(Unaudited)							
Net income (loss)	$ (1.1)	$ (11.9)	$ (51.8)	$ (339.8)	$ 253.5	$ 49.9	$ 6.6	$ 69.6
Income taxes	(0.7)	(6.5)	(23.4)	(15.0)	153.2	32.1	4.6	48.3
Interest expense	33.5	35.3	139.6	116.5	84.5	61.7	0.1	2.8
Depreciation and amortization	4.0	4.0	16.6	14.5	11.3	5.4	0.3	3.9
Amortization of intangibles	12.4	13.8	53.9	46.6	44.4	21.9	—	0.3
Amortization of Purchase Price Accounting	—	—	—	15.7	2.4	—	—	—
Changes in fair value of derivative instruments	(1.9)	4.1	4.9	(8.9)	6.2	—	—	—
Closed locations	—	—	(0.7)	1.4	—	—	—	—
Equity based compensation	1.5	1.0	3.7	7.8	10.2	3.0	—	—
Franchise taxes	—	—	0.7	1.4	1.5	—	—	—
Gain on early extinguishment of debt	—	—	—	(1.3)	—	—	—	—
Goodwill and intangibles impairment charge	—	—	—	386.1	—	—	—	—
Inventory write-down	—	—	0.4	46.5	—	—	—	—
IT system conversion costs	—	—	—	2.4	1.4	—	—	—
M&A transaction & integration expenses	—	—	1.4	17.5	34.8	12.7	—	0.4
Midway-Tristate pre-acquisition contribution	—	—	—	—	—	2.8	1.0	—
Consulting fees	—	—	2.9	0.9	0.4	—	—	3.0
Provision for uncollectible accounts	(0.3)	(0.5)	(2.0)	1.0	7.7	0.4	—	0.4
Red Man Pipe & Supply Co. pre-acquisition contribution	—	—	—	—	—	142.2	13.1	—
Severance and related costs	—	—	4.4	4.4	—	—	—	—
Transmark Fcx pre-acquisition contribution	—	—	—	38.5	—	—	—	—
LIFO	10.1	6.9	74.6	(115.6)	126.2	10.3	—	12.2
Other non-recurring and non-cash expenses	2.1	2.3	(1.0)	(2.1)	6.7	2.5	0.3	0.8
Adjusted EBITDA	$ 59.6	$ 48.5	$ 224.2	$ 218.5	$ 744.4	$ 344.9	$ 26.0	$ 141.7

(4) See footnote (1) on page 14 for a description of how we define Adjusted Gross Margin, why we present it and limitations on its usefulness.

The following table reconciles Adjusted Gross Margin to gross margin (in millions):

	Successor						Predecessor	
	Three Months Ended March 31,		Year Ended December 31,	Year Ended December 31,	Year Ended December 31,	Eleven Months Ended December 31,	One Month Ended January 31,	Year Ended December 31,
	2011	2010	2010	2009	2008	2007	2007	2006
	(Unaudited)							
Gross Margin	$ 147.0	$ 129.5	$ 518.1	$ 548.0	$ 982.1	$ 363.0	$ 27.6	$ 315.2
Depreciation and amortization	4.0	4.0	16.6	14.5	11.3	5.4	0.3	3.9
Amortization of intangibles	12.4	13.8	53.9	46.6	44.4	21.9	—	0.3
LIFO	10.1	6.9	74.6	(115.6)	126.2	10.3	—	12.2
Adjusted Gross Margin	$ 173.5	$ 154.2	$ 663.2	$ 493.5	$ 1,164.0	$ 400.6	$ 27.9	$ 331.6

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 serve our customers through over 400 global service locations. Our North America segment includes over 180 branches, 6 distribution centers in the U.S. and 1 in Canada, with 13 valve automation service centers and over 180 pipe yards located in the most active oil and natural gas regions in North America. Our International segment includes over 30 branch locations throughout Europe, Asia and Australasia with distribution centers in the United Kingdom and Singapore. 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 2009 and 2010 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. Approximately two-thirds of our sales are attributable to multi-year maintenance, repair and operations (“MRO”) arrangements. We consider MRO arrangements 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 is currently at near-record levels (West Texas Intermediate "WTI") 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, along with the costs necessary tor produce oil and gas, 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 the first three months of 2011, the industry has seen oil prices escalate, while natural gas prices have remained relatively flat. U.S. drilling activity has increased modestly, primarily in the shale basin regions, as rigs continue to shift from natural gas to oil. Oil drilling now represents nearly 50% of the total rig count. In the United States, we have seen activity levels remain strong across the major shale regions, such as the Marcellus, Eagle Ford and Bakken, and we have shipped approximately 18% more tons of energy carbon steel tubular products in the first quarter of 2011 as compared to the first three months of 2010. We continue to see limited major capital projects in the downstream market and our major customers are working from increasing, but still relatively conservative, budgets. As a result, we anticipate that there will be a time lag before we see a significant increase in our downstream refining activity, but we have seen activity increases in our petrochemical end markets.

Our upstream end market performance increased significantly in the first three months of 2011, compared to the first three months of 2010, 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 28% in the first three months of 2011 as compared to the comparable period in 2010. In the first quarter of 2011, we focused on higher margin OCTG opportunities, continuing our right-sizing and rebalancing of OCTG inventories as stated in the second half of 2010. In Canada, the average total rig count was up 25% in the first three months of 2011 as compared to the comparable period in 2010. 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 experienced in shallow gas drilling elsewhere in Canada.

Our midstream end market performance has also improved in the first three months of 2011 compared to the first three months of 2010. Our gathering and transmission pipeline revenues were up significantly as a result of the increase in drilling activity, primarily in the shale basins, and the need for additional pipeline infrastructure. In the first quarter, we opened a new distribution center in San Antonio, TX to support pipe and project activity increases in South Texas. Revenues from our natural gas utilities customers continued to improve compared to the same period in 2010.

Our downstream and other industrials end market performance continues to recover in the first quarter. 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 and forecasted oversupply of capacity in the United States markets and high crude oil prices and relatively low margins. Our maintenance and small capital projects activity to the chemical and general industrials end markets has increased in the first quarter of 2011 compared to the first quarter of 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 and carrying over to the first quarter of 2011, which has impacted both MRO and small project work. Late in the first quarter, we saw an increase in intake of new projects that will be delivered in the second half of 2011.

Australasian activity remains steady and significant capital outlays have been announced for the liquefied natural gas (“LNG”) green field development in this area.

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 March 31, 2011 was $704 million, including $621 million in North America and $83 million in our International segment.

From a supply perspective, pricing for the PVF products we sell generally continued an upward trend during the first quarter of 2011. Key drivers affecting this were strong demand in the upstream drilling and completions market and ongoing price escalation for raw materials, especially iron ore, coke, scrap, and nickel. Capacity utilization for the steel mills we utilize trended up, which speaks to the increase in demand we saw in the latter part of 2010 and early 2011. Pipe mills in the U.S. are adding shifts to their production schedules and were operating at approximately 75% of capacity at the end of the first quarter. The Department of Labor’s Bureau of Labor Statistics (“BLS”) indexes, and in particular the BLS’s Steel Pipe and Tube index, that we use to measure our LIFO-based GAAP cost of sales are again experiencing volatility and significant inflationary index increases. The earthquake in Japan has temporarily taken a small percentage of global tubular steel capacity off the market as Japanese producers deal with issues ranging from interrupted power supply, massive clean-up efforts and challenges associated with bringing damaged mills back into production. It is not clear how long this interruption might last, but we generally believe there is more than adequate global capacity to cover extended shortfalls. We will continue to monitor the situation closely.

Results of Operations for the Three Months Ended March 31, 2011 and 2010

Our operating results by segment are as follows (in millions):

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Change $	Change %	Three Months Ended December 31, 2010	Change $	Change %
Sales:							
North America	$ 932.4	$ 780.7	$ 151.7	19.4%	$ 976.0	$ (43.6)	(4.5)%
International	59.4	77.6	(18.2)	(23.5)%	58.9	0.5	0.8%
Consolidated	$ 991.8	$ 858.3	$ 133.5	15.6%	$ 1,034.9	$ (43.1)	(4.2)%
Operating Income (Loss):							
North America	$ 30.6	$ 14.0	$ 16.6	118.6%	$ 20.8	$ 9.8	47.1%
International	1.6	7.4	(5.8)	(78.4)%	(0.9)	2.5	277.8%
Consolidated	$ 32.2	$ 21.4	$ 10.8	50.5%	$ 19.9	$ 12.3	61.8%

The following table shows key industry indicators for the three months ended March 31, 2011, March 31, 2010 and December 31, 2010:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Change $	Change %	Three Months Ended December 31, 2010	Change $	Change %
Average Total Rig Count(1):							
United States	1,716	1,345	371	27.6%	1,691	25	1.5%
Canada	587	470	117	24.9%	405	182	44.9%
North America	2,303	1,815	488	26.9%	2,096	207	9.9%
International	1,166	1,063	103	9.7%	1,116	50	4.5%
Total	3,469	2,878	591	20.5%	3,212	257	8.0%
Average Natural Gas Rig Count(1):							
United States	900	882	18	2.0%	952	(52)	(5.5)%
Canada	184	213	(29)	(13.6)%	168	16	9.5%
North America	1,084	1,095	(11)	(1.0)%	1,120	(36)	(3.2)%
Average Commodity Prices(2):							
Natural gas ($/Mcf)	$ 4.07	$ 4.80			$ 3.60		
WTI crude (per barrel)	$ 94.07	$ 78.81			$ 85.16		
Brent crude (per barrel)	$ 105.45	$ 76.42			$ 86.41		

(1) Source — Baker Hughes (www.bakerhughes.com)

(2) Source — Department of Energy, Energy Information Administration (www.eia.doe.gov)

The breakdown of our sales by end market for the three months ended March 31, 2011, March 31, 2010, and December 31, 2010 was as follows:

	Three Months Ended		
	March 31, 2011	March 31, 2010	December 31, 2010
Upstream	46%	43%	48%
Midstream	23%	21%	23%
Downstream and other industrials	31%	36%	29%
	100%	100%	100%

As a percentage of sales, our upstream activity increased to approximately 46% of our sales during the first three months of 2011, compared to 43% of our sales during the first three months of 2010. We saw an improvement of approximately 26% in our North America upstream sales from the first quarter of 2010 to the first quarter of 2011, primarily due to an increase in our MRO activity. In OCTG, we are focused on improved profitability and not sales growth. We also continue to rebalance our inventory as we continue to focus on our key customers.

As a percentage of sales, our midstream activity, including pipelines, well tie-ins and natural gas utilities, increased to 23% of sales during the first quarter of 2011 from 21% of sales during the first quarter of 2010. Our gathering and transmission pipeline sales increased approximately 47% in the first quarter of 2011, primarily from increased activity in the major shale plays. Our natural gas utilities MRO activity increased 10% due to improved activity and pricing.

As a percentage of sales, our downstream and other industrials sales decreased noticeably to 31% of sales in the first quarter of 2011 from 36% of sales in the first quarter of 2010. Despite some recent improvement, U.S. refineries continue to be challenged by tight margins and overseas production capacity additions. U.S. refinery utilization at the end of the quarter was 84%, level with the comparable period in the prior year, but continuing to decline from a high point of 91% at the end of July 2010. In North America, limited major capital projects have been noted, as customers seek to preserve capital and delay capital and other expenditures until late 2011 or beyond. Our sales to the chemicals and the general industrials markets continued to improve in line with the general economy during the first three months of 2011, increasing 17% quarter-over-quarter. 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, capital investment constraints and refineries being sold. In Asia and Australasia, activity has decreased due to reductions in our customers' capital spending programs in our core end markets, primarily refining. At the end of the first quarter, we saw an increase in intake of new orders in both Europe and Asia.

Three Months Ended March 31, 2011 Compared to the Three Months Ended March 31, 2010

For the three months ended March 31, 2011, we generated sales of $991.8 million and Adjusted EBITDA of $59.6 million and had a net loss of $1.1 million. For the three months ended March 31, 2010, we generated sales of $858.3 million and Adjusted EBITDA of $48.5 million and had a net loss of $11.9 million.

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	$ Change	% Change
Sales:				
North America	$ 932.4	$ 780.7	$ 151.7	19.4%
International	59.4	77.6	(18.2)	(23.5)%
Consolidated	$ 991.8	$ 858.3	$ 133.5	15.6%
Gross Margin:				
North America	$ 129.3	$ 106.3	$ 23.0	21.6%
International	17.7	23.2	(5.5)	(23.7)%
Consolidated	$ 147.0	$ 129.5	$ 17.5	13.5%
Selling, general and administrative expenses:				
North America	$ 98.7	$ 92.3	$ 6.4	6.9%
International	16.1	15.8	0.3	1.9%
Consolidated	$ 114.8	$ 108.1	$ 6.7	6.2%
Operating income:				
North America	$ 30.6	$ 14.0	$ 16.6	118.6%
International	1.6	7.4	(5.8)	(78.4)%
Consolidated	$ 32.2	$ 21.4	$ 10.8	50.5%
Interest expense	33.5	35.3	(1.8)	(5.1)%
Other income (expense)	(0.5)	(4.5)	4.0	(88.9)%
Income tax (benefit)	(0.7)	(6.5)	5.8	(89.2)%
Net (loss)	$ (1.1)	$ (11.9)	$ 10.8	90.8%
Adjusted EBITDA	$ 59.6	$ 48.5	$ 11.1	22.9%
Adjusted Gross Margin	$ 173.5	$ 154.2	$ 19.3	12.5%

Sales. Sales include the revenue recognized from the sales of the products we distribute and services to customers and freight billings to customers, less cash discounts taken by customers in return for their early payment of our invoices to them. Our sales were $991.8 million for the three months ended March 31, 2011 as compared to $858.3 million for the three months ended March 31, 2010. This $133.5 million increase in total sales includes a 19.4% increase in North America sales driven by the improved business environment, particularly the upstream and midstream end markets. This increase was partially offset by a 23.5% decrease in International sales where we have seen slow-downs in capital expenditure projects in the European refining sector.

Gross Margin. Our gross margin was $147.0 million (14.8% of sales) for the three months ended March 31, 2011, as compared to $129.5 million (15.1% of sales) for the three months ended March 31, 2010. The $17.5 million increase in gross margin corresponds with the increase in sales, while the reduction in gross margin percentage reflects greater weighting of North American sales where margins are typically lower due to differences in product lines and channel delivery methods between North America and our International segment.

Adjusted Gross Margin. Our Adjusted Gross Margin was $173.5 million (17.5% of sales) for the three months ended March 31, 2011, as compared to $154.2 million (18.0% of sales) for the three months ended March 31, 2010. The $19.3 million increase in Adjusted Gross Margin and the reduction in Adjusted Gross Margin percentage reflects the same drivers discussed under Gross Margin above.

The following table reconciles Adjusted Gross Margin to gross margin (in millions):

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Gross Margin	$ 147.0	$ 129.5
Depreciation and amortization	4.0	4.0
Amortization of intangibles	12.4	13.8
LIFO	10.1	6.9
Adjusted Gross Margin	$ 173.5	$ 154.2

Selling, General and Administrative Expenses. Costs, such as salaries, wages, employee benefits, rent, utilities, communications, insurance, fuel and taxes (other than state and federal income taxes) that are necessary to operate our branch and corporate operations, are included in selling, general and administrative expenses. Also contained in this category are certain items that are nonoperational in nature, including certain costs of acquiring and integrating other businesses. Our selling, general and administrative expenses were $114.8 million for the three months ended March 31, 2011, as compared to $108.1 million for the three months ended March 31, 2010. Selling, general and administrative expenses were 11.6% of sales for the three months ended March 31, 2011, as compared to 12.6% for the three months ended March 31, 2010. The $6.7 million increase in selling, general and administrative expenses is primarily due to additional personnel costs, such as overtime and incentives directly related to the overall increase in business activity levels relative to the first quarter of 2010.

Operating Income. Operating income was $32.2 million for the three months ended March 31, 2011, as compared to operating income of $21.4 million for the three months ended March 31, 2010, an improvement of $10.8 million.

Interest Expense. Our interest expense was $33.5 million for the three months ended March 31, 2011, as compared to $35.3 million for the three months ended March 31, 2010, due to lower average indebtedness outstanding during the first quarter of 2011.

Other Income (Expense). 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 resulted in earnings of $1.9 million and losses of $4.1 million during the three months ended March 31, 2011 and March 31, 2010, respectively.

Income Tax (Benefit). Our income tax benefit was $0.7 million for the three months ended March 31, 2011, as compared to $6.5 million for the three months ended March 31, 2010. Our effective tax rate was 37.9% for the three months ended March 31, 2011 and 35.3% for the three months ended March 31, 2010. The rates differ from the federal statutory rate of 35% principally as a result of the impact of differing foreign income tax rates.

Net (Loss). Our net loss was $1.1 million for the three months ended March 31, 2011, as compared to a $11.9 million net loss for the three months ended March 31, 2010, an increase of $10.8 million.

Adjusted EBITDA. Adjusted EBITDA (as calculated for purposes of the indenture governing the exchange notes) was $59.6 million for the three months ended March 31, 2011, as compared to $48.5 million for the three months ended March 31, 2010. Our Adjusted EBITDA increased $11.1 million quarter over quarter primarily due to the increase in Adjusted Gross Margin and operating income.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net (loss)	$ (1.1)	$ (11.9)
Income tax (benefit)	(0.7)	(6.5)
Interest expense	33.5	35.3
Depreciation and amortization	4.0	4.0
Amortization of intangibles	12.4	13.8
Change in fair value of derivative instruments	(1.9)	4.1
LIFO	10.1	6.9
Other non-recurring and non-cash expenses(1)	3.3	2.8
Adjusted EBITDA(2)	$ 59.6	$ 48.5

(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 excludes the impact of our LIFO costing methodology, which resulted in an increase in cost of sales of $10 million in the first quarter of 2011 and an increase in cost of sales of $7 million in the first quarter of 2010. Such impact would be included in similar calculations for purposes of the indenture governing the exchange notes.

Three Months Ended March 31, 2011 Compared to the Three Months Ended December 31, 2010

For the three months ended March 31, 2011, we generated sales of $991.8 million and Adjusted EBITDA of $59.6 million and had a net loss of $1.1 million. For the three months ended December 31, 2010, we generated sales of $1,034.9 million and Adjusted EBITDA of $56.7 million and had a net loss of $13.5 million.

	Three Months Ended March 31, 2011	Three Months Ended December 31, 2010	$ Change	% Change
Sales:				
North America	$ 932.4	$ 976.0	$ (43.6)	(4.5)%
International	59.4	58.9	0.5	0.8%
Consolidated	$ 991.8	$ 1,034.9	$ (43.1)	(4.2)%
Gross Margin:				
North America	$ 129.3	$ 118.0	$ 11.3	9.6%
International	17.7	16.4	1.3	7.9%
Consolidated	$ 147.0	$ 134.4	$ 12.6	9.4%
Selling, general and administrative expenses:				
North America	$ 98.7	$ 95.9	$ 2.8	2.9%
International	16.1	18.6	(2.5)	(13.4)%
Consolidated	$ 114.8	$ 114.5	$ 0.3	0.3%

	Three Months Ended			
	March 31, 2011	December 31, 2010	$ Change	% Change
Operating income (loss):				
North America	$ 30.6	$ 20.8	$ 9.8	47.1%
International	1.6	(0.9)	2.5	277.8%
Consolidated	32.2	19.9	12.3	61.8%
Interest expense	33.5	34.9	(1.4)	(4.0)%
Other expense, net	(0.5)	0.1	(0.6)	(600.0)%
Income tax (benefit)	(0.7)	(1.4)	0.7	50.0%
Net (loss)	$ (1.1)	$ (13.5)	$ 12.3	91.9%
Adjusted Gross Margin	$ 173.5	$ 169.4	$ 4.1	2.4%
Adjusted EBITDA	$ 59.6	$ 56.7	$ 2.9	5.1%

Sales. Sales include the revenue recognized from the sales of the products we distribute and services to customers and freight billings to customers, less cash discounts taken by customers in return for their early payment of our invoices to them. Our sales were $991.8 million for the three months ended March 31, 2011, as compared to $1,034.9 million for the three months ended December 31, 2010. The 4% sequential reduction in sales is typical of mild seasonality experienced during the winter months.

Gross Margin. Our gross margin was $147.0 million (14.8% of sales) for the three months ended March 31, 2011, as compared to $134.4 million (13.0% of sales) for the three months ended December 31, 2010. The $12.6 million increase in gross margin is largely attributable to a $7.7 million reduction in cost of sales resulting from our LIFO method of accounting for inventories. The balance of the increase is the result of improved market conditions offset by the 4% sequential reduction in sales noted above.

Adjusted Gross Margin. Our Adjusted Gross Margin was $173.5 million (17.5% of sales) for the three months ended March 31, 2011, as compared to $169.4 million (16.3% of sales) for the three months ended December 31, 2010. The Adjusted Gross Margin increase of $4.1 million is due to improved gross margin percentage, offset by the overall reduction in sales noted above.

The following table reconciles Adjusted Gross Margin to gross margin (in millions):

	Three Months Ended	
	March 31, 2011	December 31, 2010
Gross Margin	$ 147.0	$ 134.5
Depreciation and amortization	4.0	4.2
Amortization of intangibles	12.4	12.9
LIFO	10.1	17.8
Adjusted Gross Margin	$ 173.5	$ 169.4

Selling, General and Administrative Expenses. Costs, such as salaries, wages, employee benefits, rent, utilities, communications, insurance, fuel and taxes (other than state and federal income taxes) that are necessary to operate our branch and corporate operations, are included in selling, general and administrative expenses. Also contained in this category are certain items that are nonoperational in nature, including certain costs of acquiring and integrating other businesses. Our selling, general and administrative expenses were $114.8 million for the three months ended March 31, 2011, as compared to $114.5 million for the three months ended December 31, 2010. Selling, general and administrative expenses were 11.6% of sales for the three months ended March 31, 2011, as compared to 11.1% for the three months ended December 31, 2010.

Operating Income. Operating income was $32.2 million for the three months ended March 31, 2011, as compared to operating income of $19.9 million for the three months ended December 31, 2010, an increase of $12.3 million.

Interest Expense. Our interest expense was $33.5 million for the three months ended March 31, 2011, as compared to $34.9 million for the three months ended December 31, 2010.

Other Income (Expense). 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 resulted in increases to earnings of $1.9 million and $1.8 million during the three months ended March 31, 2011 and December 31, 2010.

Income Tax (Benefit). Our income tax benefit was $0.7 million for the three months ended March 31, 2011, as compared to $1.4 million for the three months ended December 31, 2010. Our effective tax rate was 37.9% for the three months ended March 31, 2011 and 9.3% for the three months ended December 31, 2010. The rates differ from the federal statutory rate of 35% principally as a result of the impact of differing foreign income tax rates, in addition to the establishment of a valuation allowance related to certain foreign net operating loss carryforwards in the fourth quarter 2010.

Net (Loss). Our net loss was $1.1 million for the three months ended March 31, 2011, as compared to a $13.5 million net loss for the three months ended December 31, 2010, an improvement of $12.3 million.

Adjusted EBITDA. Adjusted EBITDA (as calculated for purposes of the indenture governing the exchange notes) was $59.6 million for the three months ended March 31, 2011, as compared to $56.7 million for the three months ended December 31, 2010. Our Adjusted EBITDA increased quarter over quarter as a result of the slightly higher Adjusted Gross Margin.

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

	Three Months Ended	
	March 31, 2011	December 31, 2010
Net (loss)	$ (1.1)	$ (13.5)
Income tax (benefit)	(0.7)	(1.4)
Interest expense	33.5	34.9
Depreciation and amortization	4.0	4.4
Amortization of intangibles	12.4	12.9
Change in fair value of derivative instruments	(1.9)	(1.8)
Other non-recurring and non-cash expenses(1)	3.3	3.4
LIFO	10.1	17.8
Adjusted EBITDA(2)	$ 59.6	$ 56.7

(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 excludes the impact of our LIFO costing methodology, which resulted in an increase in cost of sales of $10 million in the first quarter of 2011 and an increase in cost of sales of $18 million in the fourth quarter of 2010. Such impact would be included in similar calculations for purposes of the indenture governing the exchange notes.

Results of Operations for the Years Ended December 31, 2010, 2009 and 2008

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
Sales:			
North America	$ 3,589.9	$ 3,610.1	$ 5,255.2
International	255.6	51.8	—
Consolidated	$ 3,845.5	$ 3,661.9	$ 5,255.2
Operating Income (Loss):			
North America	$ 59.9	$ (250.5)	$ 500.0
International	10.4	3.8	—
Consolidated	$ 70.3	$ (246.7)	$ 500.0

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
Average Total Rig Count(1):			
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	2,991	2,307	3,339
Average Natural Gas Rig Count(1)			
United States	943	801	1,491
Canada	148	120	220
Total North America	1,091	921	1,711
Average Commodity Prices(2)			
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
Well Permits(3)			
United States	1,260	989	1,682

(1) Source — Baker Hughes (www.bakerhughes.com)

(2) Source — Department of Energy, Energy Information Administration (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%
	100%	100%	100%

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	Year Ended December 31, 2009	$ Change	% Change
Sales:				
North America	$ 3,589.9	$ 3,610.1	$ (20.2)	<1%
International	255.6	51.8	203.8	393%
Consolidated	$ 3,845.5	$ 3,661.9	$ 183.6	5%
Gross margin:				
North America	$ 442.6	$ 534.1	$ (91.5)	(17.1)%
International	75.4	13.9	61.5	442.4%
Consolidated	$ 518.1	$ 548.0	$ (29.9)	(5.5)%
Selling, general and administrative expenses:				
North America	$ 382.8	$ 397.9	$ (15.1)	(4)%
International	65.0	10.7	54.3	507%
Consolidated	$ 447.8	$ 408.6	$ 39.2	10%
Goodwill and intangibles impairment charge:				
North America	$ —	$ 386.1	$ (386.1)	(100)%
International	—	—	—	—
Consolidated	$ —	$ 386.1	$ (386.1)	(100)%
Operating income (loss):				
North America	$ 59.9	$ (250.5)	$ 310.4	124%
International	10.4	3.8	6.6	174%
Consolidated	$ 70.3	(246.7)	$ 317.0	128%
Interest expense	(139.6)	(116.5)	23.1	20%
Other, net	(5.9)	8.4	(14.3)	(170)%
Income tax benefit (expense)	23.4	15.0	8.4	56%
Net (loss)	$ (51.8)	$ (339.8)	$ 288.0	85%
Adjusted Gross Margin	663.2	493.5	169.7	34.4%
Adjusted EBITDA	$ 224.2	$ 218.5	$ 5.7	3%

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 though 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, the inclusion of a full year's results of Transmark, as compared to only two months in 2009 following its acquisition on October 31, 2009, drove the overall increase we experienced in sales. However, our business environment 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 North American gross margin decreased to $443 million (12.3% of sales) in 2010, from $534 million (14.8% of sales) 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 a $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.

Certain purchasing costs and warehousing activities (including receiving, inspection, and stocking costs), as well as general warehousing expenses, are included in selling, general and administrative expenses and not in cost of sales. As such, our gross profit may not be comparable to others who may include these expenses as a component of costs of goods sold. Purchasing and warehousing activities costs approximated $25.5 million and $24.4 million for the years ended December 31, 2010 and 2009.

Adjusted Gross Margin. Our Adjusted Gross Margin was $663 million (or 17.2% of sales) for the year ended December 31, 2010, as compared to $494 million (or 13.5% of sales) for the year ended December 31, 2009.

The following table reconciles Adjusted Gross Margin to gross margin (in millions):

	Year Ended December 31,	
	2010	2009
Gross margin	$ 518.1	$ 548.0
Depreciation and amortization	16.6	14.5
Amortization of intangibles	53.9	46.6
LIFO	74.6	(115.6)
Adjusted Gross Margin	$ 663.2	$ 493.5

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. This increase is attributable to our International operations where SG&A expenses increased $54 million as a result of the inclusion of a full year of expenses of Transmark as compared to only two months of activity in 2009 following its October 31, 2009 acquisition. 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 and Intangibles 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. We concluded that the carrying value of our North American goodwill and our indefinite lived trade names exceeded their fair value resulting in a non-cash goodwill and intangibles impairment charge in the amount of $386 million during the year ended December 31, 2009. There was no such goodwill and intangibles 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 $247 million for the year ended December 31, 2009, an improvement of $317 million. The results of 2009 were negatively impacted by the $386 million non-cash goodwill and intangibles impairment charge, as well as the $46 million non-cash inventory write-down. Excluding these non-cash items, operating income declined by $116 million principally as a result of reduced gross margins from North American operations.

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 Income (Expense). 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 benefit of $15 million for the year ended December 31, 2009. Our effective tax rates were 31.1% for the year ended December 31, 2010 and 4.2% 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 $340 million for the year ended December 31, 2009, an improvement of $288 million, primarily as a result of the non cash $386 million goodwill and intangibles impairment charge and $46 million non-cash inventory write-down. Excluding these non cash items and their related income tax effects, net loss was lower by $99 million principally as a result of reduced gross margins from North American operations recorded in 2009.

Adjusted EBITDA. Adjusted EBITDA was $224 million for the year ended December 31, 2010, as compared to $219 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)	$ (339.8)
Income tax (benefit) expense	(23.4)	(15.0)
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	—	386.1
MRC Transmark pre-acquisition contribution	—	38.5
Gain on early extinguishment of debt	—	(1.3)
LIFO	74.6	(115.6)
Other non-recurring and non-cash expenses(1)	9.4	50.4
Adjusted EBITDA(2)	$ 224.2	$ 218.5

(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 excludes 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. Such impact would be included for similar calculations computed for purposes of the indenture governing the exchange notes.

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
Sales:				
North America	$ 3,610.1	$ 5,255.2	$ (1,645.1)	(31)%
International	51.8	—	51.8	—
Consolidated	$ 3,661.9	$ 5,255.2	$ (1,593.3)	(30)%
Gross margin:				
North America	$ 534.1	$ 982.1	$ (448.0)	(46)%
International	13.9	—	13.9	—
Consolidated	$ 548.0	$ 982.1	$ (434.1)	(44)%
Selling, general and administrative expenses:				
North America	$ 397.9	$ 482.1	$ (84.2)	(17)%
International	10.7	—	10.7	—
Consolidated	$ 408.6	$ 482.1	$ (73.5)	(15)%
Goodwill and intangibles impairment charge:				
North America	$ 386.1	$ —	$ 386.1	—
International	—	—	—	—
Consolidated	$ 386.1	$ —	$ 386.1	100%

	Year Ended December 31, 2009	2008	$ Change	% Change
Operating income (loss):				
North America	$ (250.5)	$ 500.0	$ (750.5)	(150)%
International	3.8	—	3.8	—
Consolidated	(246.7)	500.0	(746.7)	(149)%
Interest expense	(116.5)	(84.5)	(32.0)	38%
Other, net	8.4	(8.7)	17.1	197%
Income tax benefit (expense)	15.0	(153.3)	168.3	(110)%
Net (loss)	$ (339.8)	$ 253.5	$ (593.3)	(234)%
Adjusted Gross Margin	493.5	1,164.0	(670.5)	(57.6)%
Adjusted EBITDA	$ 218.5	$ 744.4	$ (525.9)	(71)%

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.

Internationally, sales for 2009 totaled $52 million following our October 2009 acquisition of Transmark. We did not operate an International segment prior to this acquisition.

Gross Margin. Our North American gross margin decreased to $534 million (14.8% of sales) from $982 million (18.7% of sales). 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 a $126 million increase in cost of sales for the year ended December 31, 2008. Excluding the impact of LIFO, North American gross margin declined to 11.6% from 21.1%. This decline reflected a difficult operating environment that included the global economic recession, major spending cuts by our customers and significant deflation in pricing for a significant portion of our products.

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.

Certain purchasing costs and warehousing activities (including receiving, inspection, and stocking costs), as well as general warehousing expenses, are included in selling, general and administrative expenses and not in cost of sales. As such, our gross profit may not be comparable to others who may include these expenses as a component of costs of goods sold. Purchasing and warehousing activities costs approximated $24.4 million and $20.3 million for the years ended December 31, 2009 and 2008.

Adjusted Gross Margin. Our Adjusted Gross Margin was $494 million (or 13.5% of sales) for the year ended December 31, 2009, as compared to $1,164 million (or 22.1% of sales) for the year ended December 31, 2008.

The following table reconciles Adjusted Gross Margin to gross margin (in millions):

	Year Ended December 31, 2009	Year Ended December 31, 2008
Gross margin	$ 548.0	$ 982.1
Depreciation and amortization	14.5	11.3
Amortization of intangibles	46.6	44.4
LIFO	(115.6)	126.2
Adjusted Gross Margin	$ 493.5	$ 1,164.0

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 and Intangibles 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. We concluded that the carrying value of our North American goodwill and our indefinite lived trade names exceeded their fair value resulting in a non-cash goodwill and intangibles impairment charge in the amount of $386 million during the year ended December 31, 2009. There was no such goodwill and intangibles impairment charge recorded during the year ended December 31, 2008.

Operating (Loss) Income. Including the impact of the $386 million goodwill and intangibles impairment charge, $46 million write down and reduced North American gross margins noted above, our operating loss was $247 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 Income (Expense). 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 benefit was $15 million for the year ended December 31, 2009, as compared to income tax expense of $153 million for the year ended December 31, 2008. Our effective tax rates were (4.2%) and 37.7% for the years ended December 31, 2009 and 2008, respectively. Excluding the impact of our goodwill and intangible impairment charge, our effective tax rate for the year ended December 31, 2009 would have been 47.8%. These rates differ from the federal statutory rate of 35% principally as a result of our goodwill and intangible impairment charge and state income taxes.

Net (Loss). Our net loss was $340 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 $589 million as a result of the items noted above, including, in particular, the $386 million goodwill and intangibles impairment charge.

Adjusted EBITDA. Adjusted EBITDA was $219 million for the year ended December 31, 2009, as compared to $744 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 (Restated)	2008
Net (loss) income	$ (339.8)	$ 253.5
Income tax (benefit) expense	(15.0)	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 and intangible impairment charge	386.1	—
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
LIFO	(115.6)	126.2
Adjusted EBITDA(2)	$ 218.5	$ 744.4

(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 excludes 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. Such impact would be included for similar calculations computed for purposes of the indenture governing the exchange notes.

Financial Condition and Cash Flows

Financial Condition

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

	March 31, 2011	December 31, 2010	December 31, 2009
Inventory	$ 783.6	$ 765.4	$ 871.7
Working capital	848.2	842.6	930.2
Long-term debt, including current portion	1,333.0	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% from 2009 to 2010, 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 from 2009 to 2010. 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):

	Three Months Ended			Year Ended December 31,		
	March 31,		December 31,			
	2011	2010	2010	2010	2009	2008
Net cash provided by (used in):						
Operating activities	$ 5.8	$ 6.4	$ 84.4	$ 112.5	$ 505.5	$ (137.4)
Investing activities	11.9	(4.4)	1.7	(16.2)	(66.9)	(314.2)
Financing activities	(30.8)	(23.8)	(85.8)	(97.9)	(393.9)	452.0
Net (decrease) increase in cash and cash equivalents	$ (13.1)	$ (21.8)	$ 0.3	$ (1.6)	$ 44.7	$ 0.4
Effect of foreign exchange rate on cash	$ (1.0)	$ —	$ 1.4	$ 1.7	$ (0.6)	$ 1.7

Operating Activities

Net cash provided by operating activities was $5.8 million for the three months ended March 31, 2011, compared to $6.4 million net cash provided for the three months ended March 31, 2010 and $84.4 million net cash provided for the three months ended December 31, 2010. Net cash provided by operations was provided primarily from business operations, offset by changes in our working capital.

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 provided by investing activities was $11.9 million for the three months ended March 31, 2011, compared to $4.4 million used for the three months ended March 31, 2010 and $1.7 million net cash provided for the three months ended December 31, 2010. Our net capital expenditures were down slightly, 0.2% of sales during the first three months of 2011, compared to 0.4% of sales during the first three months of 2010 and 0.2% for the fourth quarter of 2010. The $16.3 million increase in cash provided by investing activities is primarily due to the proceeds from the sale of our measurement business and reduced capital expenditures in the first quarter of 2011.

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 used in financing activities was $30.8 million for the three months ended March 31, 2011, compared to $23.8 million used for the three months ended March 31, 2010.

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 products and services to our customers at margins sufficient to cover our fixed and variable expenses. As of March 31, 2011 and December 31, 2010, we had cash and cash equivalents of $42 million and $56 million, respectively. As of March 31, 2011 and December 31, 2010, $35 million and $51 million of our cash and cash equivalents was 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, which would be recognized in our financial statements in the period during which such decision was made. Our intent is to permanently reinvest the cash held by our foreign subsidiaries and there are currently no plans that require the repatriation of such amounts to fund our U.S. operations.

Our credit facilities currently consist of an asset-based revolving credit facility with a $900 million U.S. component and a CDN$150 million component available to our Canadian subsidiary and a credit facility of our principal international subsidiary. We maintain these facilities primarily to finance our working capital, as well as pursue certain mergers and acquisitions. As of March 31, 2011, we had $487 million available under our then existing credit facilities, which represented approximately a $12 million increase from December 31, 2010. As of March 31, 2011, on an as adjusted basis after giving effect to our entry into our new asset-based revolving credit facility and the repayment of our previous asset-based revolving credit facility, the Midfield revolving credit facility and the Midfield term loan facility, or the Refinancing, we would have had $536 million available under our 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. We anticipate that we will incur a one-time non-cash charge to expense of approximately $10 million for certain capitalized fees relating to our previous facilities.

We also have $1.05 billion of 9.50% senior secured notes due December 15, 2016 (the “notes”) outstanding. In December 2009, we issued $1.0 billion of notes and applied the net proceeds to pay all the outstanding borrowings under our $575 million term loan facility and our $450 million junior term loan facility. In February 2010, we issued an additional $50 million of notes and applied the net proceeds to repay amounts outstanding under our U.S. 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 the covenants contained in the indenture governing the notes and various credit facilities as of and during the three months ended March 31, 2011.

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):

	Total	2011	2012 to 2013	2014 to 2015	After 2015
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	$ 2,464.8	$ 499.0	$ 595.4	$ 220.3	$ 1,150.1

(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

On June 14, 2011, McJunkin Red Man Corporation (the "Company") and certain of its subsidiaries entered into an ABL credit facility with Bank of America, N.A., as agent and a lender, or the Agent, and other lenders from time to time parties thereto, or the ABL Credit Facility. The ABL Credit Facility consists of (1) a U.S. tranche, or the U.S. Tranche, under which the Company and certain U.S. subsidiaries of the Company, or the U.S. Borrowers, may from time to time make borrowings in U.S. Dollars up to a maximum amount of the lesser of the U.S. Borrowing Base (as defined below) and $900 million, or the Total U.S. Commitment, and (2) a Canadian tranche, or the Canadian Tranche, under which Midfield Supply ULC, a wholly-owned Canadian subsidiary of the Company, or Midfield, may from time to time make borrowings in Canadian Dollars of up to a maximum amount of the lesser of its Canadian Borrowing Base (as defined below) and CDN$150 million, or the Total Canadian Commitment. Up to $80 million of the U.S. Tranche may be used for letters of credit and up to $75 million may be used for swingline loans. Up to CDN$20 million of the Canadian Tranche may be used for letters of credit and up to CDN$25 million may be used for swingline loans. The ABL Credit Facility matures on June 14, 2016.

From time to time and subject to certain conditions, the Company will have the power to designate other Canadian subsidiaries as borrowers under the ABL Credit Facility, or, together with Midfield, the Canadian Borrowers. Each Canadian Borrower will be permitted to make borrowings under the Canadian Tranche in Canadian Dollars of up to the maximum amount of the lesser of its Canadian Borrowing Base (calculated separately from the Canadian Borrowing Bases of the other Canadian Borrowers) and the Total Canadian Commitment (less the borrowings of any other Canadian Borrowers). Subject to certain conditions, the Total U.S. Commitment and the Total Canadian Commitment may be increased from time to time up to an amount which, in the aggregate for all such increases, does not exceed $250 million.

Borrowing Bases. The "U.S. Borrowing Base" will be equal to the sum of:

- the book value of eligible accounts of the U.S. Borrowers; plus
- the lesser of (i) 70% of the net book value of eligible inventory (adding back the LIFO reserve calculated in accordance with GAAP) of the U.S. Borrowers and (ii) net orderly liquidation value of eligible inventory (net of current monthly shrinkage reserve calculated in accordance with GAAP and valued at cost) of the U.S. Borrowers multiplied by the advance rate of 85%; minus
- certain reserves.

Each "Canadian Borrowing Base" will be equal to the sum of:

- the book value of eligible accounts of the applicable Canadian Borrower; plus
- the lesser of (i) 70% of the net book value of eligible inventory (adding back the LIFO reserve calculated in accordance with GAAP) of the applicable Canadian Borrower and (ii) net orderly liquidation value of eligible inventory (net of current monthly shrinkage reserve calculated in accordance with GAAP and valued at cost) of the applicable Canadian Borrower multiplied by the advance rate of 85%; minus
- certain reserves.

Guarantees and Security. Obligations under the U.S. Tranche will be guaranteed by the U.S. Borrowers. Obligations under the Canadian Tranche will be guaranteed by the U.S. Borrowers and the Canadian Borrowers.

Obligations under the U.S. Tranche will be secured, subject to certain exceptions, by a first-priority security interest in the accounts and inventory of the U.S. Borrowers. Obligations under the Canadian Tranche will be secured, subject to certain exceptions, by (1) a first-priority security interest in the accounts and inventory of the U.S. Borrowers and the Canadian Borrowers and (2) a pledge of indebtedness owing to the Canadian Borrowers and capital stock of their wholly-owned subsidiaries. The security interest in accounts and inventory of the U.S. Borrowers ranks prior to the security interest in this collateral, which secures the notes (as defined below).

Interest Rate and Fees. Borrowings under the U.S. Tranche will bear interest at a rate per annum equal to, at the Borrower's option, either (a) the adjusted LIBOR rate plus an applicable margin or (b) a U.S. base rate plus an applicable margin. Borrowings under the Canadian Tranche will bear interest at a rate per annum equal to, at the Borrower's option, either (a) the adjusted Canadian BA Rate plus an applicable margin, (b) a Canadian base rate plus an applicable margin or (c) a Canadian prime rate plus an applicable margin. The applicable margin will initially be 2.00% for LIBOR and Canadian BA Rate borrowings and 1.00% for U.S. base rate, Canadian base rate and Canadian prime rate borrowings, in each case subject to a 0.25% step-up or step-down based on a consolidated fixed charge coverage ratio as of the end of the most recent fiscal quarter. The applicable margin for U.S. base rate, Canadian base rate and Canadian prime rate borrowings will be 100 basis points lower than the applicable margin for LIBOR and Canadian BA Rate borrowings.

In addition to paying interest on outstanding principal under the ABL Credit Facility, the Borrowers will be required to pay a commitment fee in respect of unutilized commitments thereunder, which will be equal to 0.375% per annum.

Voluntary Prepayments. The Borrowers will be permitted to voluntarily prepay the principal of any advance at any time in whole or in part.

Restrictive Covenants and Other Matters. The ABL Credit Facility will require the Company and its restricted subsidiaries, on a consolidated basis, to maintain a fixed charge coverage ratio (defined as the ratio of EBITDA to the sum of cash interest, principal payments on indebtedness, unfinanced capital expenditures and accrued income taxes) of at least 1.0 to 1.0 when excess availability is less than or equal to the greater of (a) 10% of the total commitments under the ABL Credit Facility and (b) $75 million.

The ABL Credit Facility also contains restrictive covenants (in each case, subject to exclusions) that limit, among other things, the ability of the Borrowers and their restricted subsidiaries to: (1) create, incur, assume, or suffer to exist, any liens; (2) create, incur, assume or permit to exist, directly or indirectly, any additional indebtedness; (3) consolidate, merge, amalgamate, liquidate, wind up, or dissolve themselves; (4) convey, sell, lease, license, assign, transfer or otherwise dispose of the Borrowers' or their restricted subsidiaries' assets; (5) make certain restricted payments; (6) make certain investments; (7) amend or otherwise alter the terms of documents related to certain subordinated indebtedness; (8) enter into transactions with affiliates; and (9) prepay certain subordinated indebtedness. The facility also contains other customary restrictive covenants. The covenants are subject to various baskets and materiality thresholds, with many restrictions on the repayment of subordinated indebtedness, restricted payments and investments not being applicable when the Borrowers' excess availability exceeds a certain threshold. The restriction on incurring unsecured indebtedness is not applicable when the Borrowers' and their restricted subsidiaries' total debt to EBITDA ratio is less than or equal to 5.5:1.0 and the restriction on incurring secured indebtedness is not applicable when, among other things, the Borrowers' and their restricted subsidiaries' secured debt to EBITDA ratio is less than or equal to 5.0:1.0.

The ABL Credit Facility contains certain customary representations and warranties, affirmative covenants and events of default, including, among other things, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy, certain events under ERISA, judgment defaults, actual or asserted failure of any material guaranty or security document supporting the ABL Credit Facility to be in force and effect and change of control. If such an event of default occurs, the Agent under the ABL Credit Facility shall be entitled to take various actions, including the acceleration of amounts due under the ABL Credit Facility, the termination of all revolver commitments and all other actions permitted to be taken by a secured creditor.

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.

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 March 31, 2011, USD$23 million was outstanding on the revolving credit facility, and USD$51 million was available under the facility and the weighted average interest rate on borrowings was 2.57%.

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:

Leverage Ratio	Margin
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 three months ended March 31, 2011.

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 $15.1 million of standby letters of credit, trade guarantees given by bankers and bid, performance and surety bonds at March 31, 2011. Management does not expect any material amounts to be drawn on these instruments.

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 March 31, 2011, we are a defendant in lawsuits involving approximately 945 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 March 31, 2011, lawsuits involving over 11,750 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	812	28	6	11	75,000	12,500	179,791
Fiscal year ended December 31, 2007	825	23	3	7	72,500	24,167	218,900
Fiscal year ended December 31, 2008	846	43	16	6	295,000	18,469	336,497
Fiscal year ended December 31, 2009	905	81	12	10	193,500	16,125	463,213
Fiscal year ended December 31, 2010	948	89	28	18	481,000	17,179	604,565

As the table above shows, there was an increase in the number of claims filed during the fiscal years ending December 31, 2009 and December 31, 2010. We believe that this increase is due to a recent increase in the marketing efforts by personal injury law firms in West Virginia and Pennsylvania. Although we do not know whether this is a trend that will continue in the near term, in the long term, we anticipate that asbestos-related litigation against us will decrease as the incidence of asbestos-related disease in the general U.S. population decreases.

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, 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. Further, given the relatively small amounts we have paid in recent periods and our expectations regarding future required payments, we do not believe that the ultimate resolution of these matters for any period will have a material impact on our liquidity in any period on either a short term or long term basis.

Off-Balance Sheet Arrangements

We do not have any material “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 and unaudited 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 March 31, 2011 and December 31, 2010 and 2009, the allowance for doubtful accounts was $4.3 million, $4.5 million and $8.8 million, or 0.7%, 0.7% and 1.7% of gross accounts receivable, respectively.

Inventories: Our inventories are generally valued at the lower of cost (principally using the last-in, first-out method (“LIFO”)) or market. We record an estimate each quarter, 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 $154.7 million and $140.0 million at March 31, 2011 and December 31, 2010, respectively, 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 21% 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. No indications of impairment were present at March 31, 2011. 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 27% of our total assets as of March 31, 2011. Goodwill is tested for impairment annually or more frequently if circumstances indicate that impairment may exist. Prior to the acquisition of Transmark, which closed on October 30, 2009, we had only one reporting unit. Following the Transmark acquisition, we began evaluating goodwill for impairment at two reporting units that mirror our two operating segments (North America and International). Within each reporting unit, we have elected to aggregate the component countries and regions into a single reporting unit based on their similar economic characteristics, products, customers, suppliers, methods of distribution and the manner in which we operate each segment. We 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.

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 as the estimated fair value of each of our two reporting units substantially exceeded their carrying values. While we believe that such assumptions and estimates are reasonable, the actual results may differ materially from the projected results.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if circumstances indicate that impairment may exist. This test compares the carrying value of the indefinite-lived intangible assets with their estimated fair value. If the carrying value is more than the estimated fair value, impairment losses are recognized in amount equal to the excess of the carrying value over the estimated fair value. Our impairment methodology uses discounted cash flow and estimated royalty rate valuation techniques. These valuation methods require us to make certain assumptions and estimates regarding future operating results, sales prices, discount rates and growth trends. As a result of our impairment test, we recognized a $76.2 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, as the estimated fair value of our indefinite-lived intangible assets substantially exceeded their carrying value. No indications of impairment were present at March 31, 2011. 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.

In January 2011, FASB issued ASU No. 2011-01, *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20*, an amendment to ASC Topic 310, *Receivables*. This amendment temporarily delays the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow FASB time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. The guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011. We do not believe that ASU No. 2011-01 will have a material impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

As of March 31, 2011, all of our outstanding term and revolving debt, except for the notes, was at floating rates. These facilities prescribe the percentage point spreads from LIBOR, Canadian prime and EURIBOR. Our facilities generally allow us to fix the interest rate, at our option, for a period of 30 to 180 days.

The risk inherent in our market risk sensitive instruments and positions is the potential loss from adverse changes in interest rates. Currently, we manage our interest rate risk through the use of floating interest rate debt facilities and interest rate contracts. As of March 31, 2011, we had 100% of our floating interest rate debt hedged with interest rate contracts. The counterparties to our interest rate swap agreements are major financial institutions.

Foreign Currency Exchange Rates

Our operations outside of the U.S. expose us to foreign currency exchange rate risk, as these transactions are primarily denominated in currencies other than the U.S. dollar, our functional currency. Our exposure to changes in foreign exchange rates is managed primarily through the use of forward foreign exchange contracts. These contracts increase or decrease in value as foreign exchange rates change, to protect the value of the underlying transactions denominated in foreign currencies. All currency contracts are entered into for the sole purpose of hedging existing or anticipated currency exposure; we do not use foreign currency contracts for trading or speculative purposes. The terms of these contracts generally do not exceed one year. We record all changes in the fair market value of forward foreign exchange contracts in income.

Steel Prices

Our business is sensitive to steel prices, which impact substantially all of our products, with steel tubular prices generally having the highest degree of sensitivity. While we cannot predict steel prices, we manage this risk by managing our inventory levels, including maintaining sufficient quantity on hand to meet demand, while reducing the risk of overstocking.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements 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. 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, except to the extent required by law.

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. Our North America segment includes over 180 branches, 6 distribution centers in the U.S. and 1 in Canada, with 13 valve automation service centers and over 180 pipe yards located in the most active oil and natural gas regions in North America. Our International segment includes over 30 branch locations throughout Europe, Asia and Australasia with distribution centers in the United Kingdom and Singapore.

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. 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 three months ended March 31, 2011:

	Year Ended December 31, 2010
United States	78%
Canada	16%
International	6%
	100%

(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 three months ended March 31, 2011, we generated approximately 46% of our sales in the upstream sector, 23% in the midstream sector, and 31% 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 three months ended December 31, 2010, March 31, 2010 and March 31, 2011 and 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,			Three Months Ended		
				December 31,	March 31,	
	2008	2009	2010	2010	2010	2011
Upstream	45%	44%	45%	48%	43%	46%
Midstream	22%	24%	22%	23%	21%	23%
Downstream and industrial	33%	32%	33%	29%	36%	31%
	100%	100%	100%	100%	100%	100%

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 visbility 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 three months ended December 31, 2010, March 31, 2010 and March 31, 2011 and the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31,			Three Months Ended		
				December 31,	March 31,	
	2010	2009	2008	2010	2010	2011
Upstream	45%	44%	45%	48%	43%	46%
Midstream	23%	24%	22%	23%	21%	23%
Downstream and industrial	32%	32%	33%	29%	36%	31%
	100%	100%	100%	100%	100%	100%

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	$ 161.6	$ 132.7	$ 93.5	$ 171.2	$ 145.3	$ 138.1
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
Average Total Rig Count(1)					
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
Average Natural Gas Rig Count(1)					
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
Average Commodity Prices(2)					
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
Well Permit(3)					
United States	1,260	989	1,682	1,512	1,514

(1) Source — Baker Hughes (www.bakerhughes.com)

(2) Source — Department of Energy, Energy Information Administration (www.eia.gov)

(3) Source — RigData

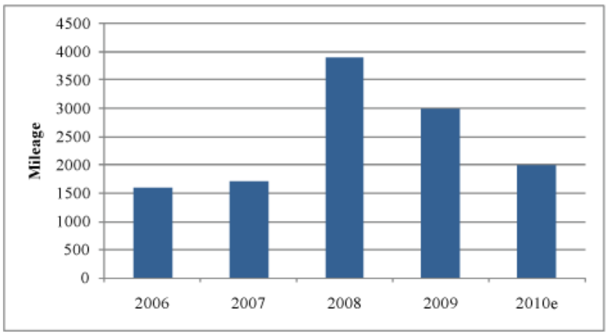
Midstream: The midstream end market of the oil and natural gas industry is comprised of companies that provide gathering, storage, transmission, distribution and other services related to the movement of oil, natural gas and refined petroleum products from sources of production to demand centers. Representative 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)



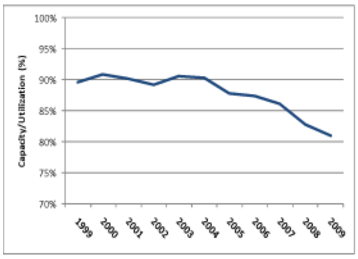
(1) U.S. Energy Information Administration (www.eia.gov)

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.

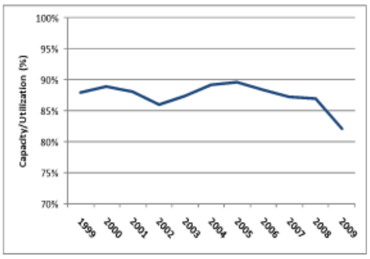
Over the past year, refinery utilization rates have decreased significantly as part of the global economic slowdown. As a result, several new projects to increase capacity have been delayed, or in some cases cancelled. The number of operable refineries in the U.S. declined from 223 in 1985 to approximately 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)

United States



European Union



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(1) Source — BP Statistical Review of World Energy June 2010 (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. We are required to carry significant amounts of inventory to meet the rapid delivery requirements of our customers. 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 March 31, 2011 was $621 million. At March 31, 2010, our backlog was $578 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 March 31, 2011, 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 March 31, 2011 and 2010 was $83 million and $74 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 March 31, 2011, we had approximately 500 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.

Legal Proceedings

From time to time, we have been subject to various claims and involved in legal proceedings incidental to the nature of our businesses. We maintain insurance coverage to reduce financial risk associated with certain of these claims and proceedings. It is not possible to predict the outcome of these claims and proceedings. However, in our opinion, there are no material pending legal proceedings that are likely to have a material effect on our business, financial condition or results of operations, although it is possible that the resolution of certain actual, threatened or anticipated claims or proceedings could have a material adverse effect on our business, financial condition or results of operation in the period of resolution. For information regarding asbestos cases in which we are a defendant, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations, Commitments and Contingencies — Legal Proceedings”, “Note 15 — Commitments and Contingencies” to the audited consolidated financial statements as of December 31, 2010 and “Note 8 — Commitments and Contingencies” to the unaudited consolidated financial statements as of March 31, 2011.

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.

In the summer of 2010, our customer NiSource, Inc. notified McJunkin Red Man Corporation that certain polyethylene pipe manufactured by PolyPipe, Inc. may be defective. PolyPipe, Inc. filed a petition in the District Court in Cooke County, Texas against McJunkin Red Man Corporation and NiSource, Inc. seeking, among other things, a declaratory judgment that PolyPipe, Inc. is not responsible for certain costs relating to the defendants’ alleged failure to track and record the installation locations of the pipe and certain expenditures implementing the potential remediation plan. PolyPipe, Inc. subsequently filed a notice of non-suit without prejudice, requesting that the Court dismiss PolyPipe’s claims without prejudice to their re-filing the same claims. Because this matter is in the early stages, we are unable to determine the amount of liability, if any, that may result from the ultimate resolution of this matter.

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 McJunkin Red Man Holding Corporation (and the biographies following the table reflect the positions held by each of the named individuals at McJunkin Red Man Holding Corporation):

	Age	Position
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 of McJunkin Red Man Holding Corporation since September 2008. Mr. Lane also serves as the sole director of McJunkin Red Man Corporation. 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. Mr. Lake has announced his resignation, effective June 30, 2011.

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 or 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 Truflo 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. 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. 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. 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 and goals for annual incentive awards to be paid in respect of performance during 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

During the annual review of compensation plans, the Committee approves performance metrics and goals for annual incentive awards to be paid in respect of performance during the relevant performance period, including to our named executive officers and additional executive officers. As part of this review, the Committee approves target bonus percentages for persons eligible to receive annual incentive awards, subject to the terms of any employment agreements between the Company and executives. 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. The Committee determined that these target annual bonuses should also remain in effect during 2010. The payment of annual incentive awards for the 2010 performance year to our named executive officers and additional executive officers depended on the achievement of three weighted performance metrics. Those metrics for the named executive officers and additional executive officers 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"). Achievement of goals with respect to EBITDA, RONA and KPIs constituted 70%, 20% and 10% of annual awards, respectively.

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 were earned based on achievement of EBITDA, 20% were earned based on achievement of RONA and 10% were 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. The 2010 EBITDA goal was $291,108,000 and the RONA goal was 24.4%. No awards 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 payable to our named executive officers and additional executive officers 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. In 2010, the Company failed to reach its full EBITDA and RONA goals, achieving actual results of $227,696,000 for EBITDA and 20.1% for RONA. The amount payable in respect of these two metrics was 52% of the annual target bonus (prior to application of performance attributable to KPIs). 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.

KPIs for the named executive officers and additional executive officers are based on a set of projects and plans designed to align the executives' activities with the strategic plans and financial goals of the Company for the relevant performance period, which are related to the functional responsibility of each executive's position. As discussed above, KPIs for the named executive officers and additional executive officers normally comprise 10% of annual bonuses, but were capped at 5% 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 consolidated 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 in each of our two segments. 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 of South Texas Supply Company and Dresser Oil Field Supply. 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 our international segment to integrate global project and contract groups with the North American segment and expanded the capabilities of our international segment by opening a new facility in Singapore and a business development office in London. Mr. Wagstaff also managed the operational efficiency of our international segment by reducing expenses and divesting of non-core operations while maintaining attractive gross margin levels. Gary A. Ittner successfully managed our North American segment’s 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 our North American segment’s strategic growth by expanding operations in the markets serving the oil and gas shale plays through target acquisitions in key North American 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 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.

In respect of performance during 2010, Messrs. Lane, Underhill, Wagstaff, Ittner, Hutchinson and Lake were paid 57% of their target annual incentive bonus and Mr. Isaac was paid 56% of this target annual incentive bonus. The amounts paid to the named executive officers and additional executive officers as a result of their respective levels of performance 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. Since that time, the board of directors has approved grants of stock options and restricted common stock to our executives periodically in its discretion. The reasoning behind the board of directors’ decision to grant equity awards to our named executive officers and additional executive officers is described in the discussion of the relevant equity grants in the subsection titled "Stock Options and Restricted Stock" below. We do not currently have a formal policy regarding the timing of equity grants, although we are currently considering whether to adopt such a policy.

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). The grant of stock options to Mr. Lane was made as part of the Company's offer of employment to Mr. Lane.

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). This grant of restricted stock was made to Mr. Lane to ensure the competitiveness of his total compensation package.

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). The stock option grants to Messrs. Underhill, Ittner, Isaac and Hutchinson were granted in efforts to achieve parity among executives with similar duties and responsibilities, and also as an added retention incentive. The grant of stock options to Mr. Wagstaff was made as part of the Company's employment offer to Mr. Wagstaff and also as a retention incentive.

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. The aggregate value of perquisites and personal benefits currently provided to each of Messrs. Hutchinson, Isaac, Ittner and Underhill is less than $10,000. Messrs. Lane and Lake do not currently receive any perquisites or 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 incentive 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 incentive performance metrics and goals approved by the Committee for the 2010 performance period. 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 annual incentive performance metrics and goals approved by the Committee for the 2010 performance period, 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 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.

Annual Incentive Awards

Please see the section of the Compensation Discussion and Analysis titled "Short-Term Incentive Compensation" for a discussion of the performance metrics and goals approved by the Committee for the 2010 performance year.

Outstanding Equity Awards at 2010 Fiscal Year-End

	Option Awards				Stock Awards(2)		
Name	Number of Securities Underlying Options Exercisable	Number of Securities Underlying Options Unexercisable(1)	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)
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

	Stock Awards	
Name	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 ($)(1)	Aggregate Balance at Last Fiscal Year End ($)
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 $^1/_{12}$ of base salary at the rate in effect immediately prior to termination and $^1/_{12}$ 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 ($)(1)	Base Salary Continuation ($)	Pro Rata Incentive ($)(2)	Value of Medical Benefits ($)	Value of Accelerated Vesting of Equity ($)(3)	Deferred Compensation Account Balance ($)	Total ($)
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 ($)(1)	Deferred Compensation Account Balance ($)	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 ($)(1)	Value of Accelerated Vesting of Equity ($)(2)	Deferred Compensation Account Balance ($)	Total ($)
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 ($)(1)	Value of Accelerated Vesting of Equity ($)(2)	Deferred Compensation Account Balance ($)	Total ($)
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.

	Shares Beneficially Owned	
Name and Address	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.

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.

Name of Beneficial Owner	Common Units Owned Directly or Indirectly	Profits Units Owned Directly or Indirectly
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	334,538.9062	5,122.2614

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 new asset-based revolving credit facility and was a lender under our prior revolving credit facility and our Term Loan Facility and Junior Term Loan Facility. Goldman Sachs Credit Partners was also a co-lead arranger and joint bookrunner under our prior 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 prior 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 prior revolving credit facility.

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 Rent	Term	Expiration	Square Feet	Renewal Option
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	$10,005	3 years	December 31, 2013	17,350	Four three-year renewal options
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.

Transactions Involving Europump

On July 1, 2007, Midfield acquired from Europump Systems Inc. ("Europump") its sales and distribution business for oilfield service equipment in Western Canada (the "Europump Supply Business"). As partial consideration for this acquisition, Midfield entered into a profit-sharing arrangement with Europump pursuant to which Europump was to receive certain profit participation payments from Midfield in respect of the Europump Supply Business. Midfield also agreed to make profit participation payments to Europump in respect of certain additional oilfield supply and service stores, either owned or contemplated to be acquired by Midfield from consignment vendors, and located in Western Canada. Certain employees of Midfield own a portion of Europump. The expense we recognized for the aggregate profit participation for Europump was approximately $1.1 million in the year ended December 31, 2010.

In connection with the acquisition of the Europump Supply Business, we entered into a five-year distribution agreement with Europump effective as of July 1, 2007. Under this agreement, Midfield was appointed as a non-exclusive distributor of certain Europump products in Western Canada. Our purchases from Europump under this agreement were approximately $23 million in the year ended December 31, 2008, $10 million in the year ended December 31, 2009 and $28 million in the year ended December 31, 2010. Under this agreement, we also provide warranty services to Europump in relation to Europump products sold by Midfield and any consignees of Midfield. Further, we also provide warranty services in relation to Europump product sold by other vendors in our distribution area under the distribution agreement. We are reimbursed for our expenses for providing these warranty services, and in circumstances where the product was sold by a vendor other than Midfield or a consignee thereof, we also earn commissions. Midfield received an aggregate amount of approximately $0.4 million in the year ended December 31, 2008, $0.6 million in the year ended December 31, 2009 and $0.8 million in the year ended December 31, 2010 from Europump pursuant to this distribution agreement.

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 written 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 12:00 a.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 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. Such notice will comply with Rule 14e-1(d) under the Securities Act and, in the case of an extension, will disclose the number of securities tendered as of the date of the notice. 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 12:00 a.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 March 31, 2011, the Issuer 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 $245 million in aggregate principal amount of drawn ABL Debt and outstanding letters of credit of approximately $4.8 million (and $377 million of available borrowings under the ABL Credit Facility) and no Subordinated Lien Debt. As of March 31, 2011, on an as adjusted basis after giving effect to the replacement of the ABL Credit Facility and the transactions associated therewith, 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 $255 million in aggregate principal amount of drawn ABL Debt and outstanding letters of credit of approximately $4.8 million (and $380 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 "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 March 31, 2011, the Issuer had approximately $245 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 $4.8 million. As of March 31, 2011, the Issuer had approximately $377 million available for borrowing under the ABL Credit Facility. As of March 31, 2011, on an as adjusted basis after giving effect to the replacement of the ABL Credit Facility and the transactions associated therewith, the Issuer would have had approximately $255 million in aggregate principal amount of drawn ABL Debt outstanding and outstanding letters of credit of approximately $4.8 million. As of March 31, 2011, on an as adjusted basis after giving effect to the replacement of the ABL Credit Facility and the transactions associated therewith, the Issuer would have had approximately $380 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 $66^2/_3$% in aggregate principal amount of the notes then outstanding (but only to the extent any such consent is required under the Collateral Trust Agreement).

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 depositary.

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 depositaries; 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 depositary 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 depositary for the global notes and the Issuer fails to appoint a successor depositary 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 depositary 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 depositary (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, depositary, 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 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 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 twelvemonth 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 1 3(d)(3) or Section 1 4(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, 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 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 *par! 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.

MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS

The following summary describes the material United States federal income tax consequences and, in the case of a Non-U.S. Holder (as defined below), the 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 $^{1}/_{4}$ 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 $^{1}/_{4}$ 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 "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 "Material United States Federal Tax Considerations— Non-U.S. Holders — United States Federal Withholding Tax" above) and backup withholding tax (see "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 "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 "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 "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

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 operations, 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, except for Note 6,
as to which the date is May 6, 2011

McJUNKIN RED MAN HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
	(In thousands, except per share amounts)	
Assets		
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	817,165	875,988
	1,366,549	1,425,721
	$ 2,991,194	$ 3,083,156
Liabilities and stockholders' equity		
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	303,083	325,964
Payable to shareholders	2,028	16,665
Other liabilities	17,869	15,684
	1,683,221	1,801,809
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)	(565,790)	(514,216)
Accumulated other comprehensive loss	(19,856)	(13,345)
	689,758	743,898
	$ 2,991,194	$ 3,083,156

See notes to consolidated financial statements.

McJUNKIN RED MAN HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	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	3,327,072	3,067,437	4,273,104
Inventory write-down	362	46,491	—
Gross margin	518,102	547,994	982,062
Operating expenses:			
Selling, general and administrative expenses	447,808	408,564	482,084
Goodwill and intangible impairment	—	386,100	—
Operating income (loss)	70,294	(246,670)	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)	(354,754)	406,749
Income tax (benefit) expense	(23,353)	(14,983)	153,263
Net (loss) income	$ (51,824)	$ (339,771)	$ 253,486
Basic (loss) earnings per common share	$ (0.31)	$ (2.15)	$ 1.63
Diluted (loss) earnings per common share	$ (0.31)	$ (2.15)	$ 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 Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount					
	(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	—	—	—	(339,771)	—	—	(339,771)
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							(298,027)
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	(514,216)	(13,345)	—	743,898
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	$ (565,790)	$ (19,856)	$ —	$ 689,758

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)	
Operating activities			
Net (loss) income	$ (51,824)	$ (339,771)	$ 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	(49,237)	(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	—	386,100	—
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)
Investing activities			
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)
Financing activities			
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.

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 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 operations.

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 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 is 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 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).

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if circumstances indicate that impairment may exist. This test compares the carrying value of the indefinite lived intangible assets with their estimated fair value. If the carrying value is more than the estimated fair value, impairment losses are recognized in an amount equal to the excess of the carrying value over the estimated fair value. Our impairment methodology uses discounted cash flow and estimated royalty rate valuation techniques. These valuation methods require us to make certain assumptions and estimates regarding future operating results, sales prices, discount rates and growth trends. 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.

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 amortizable 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 operations.

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; 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.

In the area of first party auto collision, we do not have excess coverage. In addition, we had no self-insurance accrued liabilities in this area as of December 31, 2010 or 2009.

In the area of product recall, we do not have excess coverage. However, manufacturers are liable for replacement under the Uniform Commercial Code to the extent that they are identifiable and have the financial wherewithal. The amount of self-insurance accrued liabilities in North America was $0.8 million and $0.3 million as of December 31, 2010 and 2009.

In the area of ocean cargo shipments, we do not have excess coverage. In addition, there was no self-insurance accrued liabilities as of December 31, 2010 and 2009.

In the area of asbestos claims, we have excess coverage to the extent claims do not arise from entities acquired or exposures dated after 1986. The net amount of self-insurance accrued liabilities in North America was $0.8 million and $0.6 million as of December 31, 2010 and 2009.

In the area of employee healthcare, we have excess stop loss protection attaching after $300,000 per person per year. The amount of self-insurance accrued liabilities in North America were $2.4 million and $2.9 million as of December 31, 2010 and 2009.

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 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 operations 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 operations.

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.

Certain purchasing and warehousing activities (including receiving, inspection and stocking costs), as well as general warehousing expenses, are included in selling, general and administrative expenses and not cost of sales. As such, our gross profit may not be comparable to others who may include these expenses as a component of costs of goods sold. Purchasing and warehousing activities costs approximated $25.5 million, $24.4 million and $20.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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 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 have two operating 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. 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.

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 operations. 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.

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 Fcx 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.

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).

	2009
Pro forma sales	$ 3,933
Pro forma net loss	(326)
Loss per common share, basic	$ (2.06)
Loss per common share, diluted	$ (2.06)

NOTE 3 — ACCOUNTS RECEIVABLE

The rollforward of our allowance for doubtful accounts is as follows (in thousands):

	December 31, 2010	2009	2008
Allowance for doubtful accounts			
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	$ 4,451	$ 8,790	$ 9,915

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):

	December 31, 2010	2009
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)
	$ 765,367	$ 871,653

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.

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):

	Depreciable Life	December 31, 2010	December 31, 2009
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)
		$ 104,725	$ 111,480

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):

	North America	International	Total
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	$ 509,478	$ 39,906	$ 549,384

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 thus, for the year ended December 31, 2009, we recorded a pretax goodwill impairment charge of $310 million and a $76.2 million pre-tax impairment charge on indefinite lived trade names. 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
December 31, 2010				
Customer base	16.2	$ 693,809	$ (149,312)	$ 544,497
Amortizable trade names	5.9	21,699	(9,264)	12,435
Indefinite lived trade names	N/A	260,023	—	260,023
Noncompete agreements	5	970	(760)	210
Sales order backlog	1	8,914	(8,914)	—
	15.8	$ 985,415	$ (168,250)	$ 817,165
December 31, 2009				
Customer base	16.2	$ 696,489	$ (103,327)	$ 593,162
Amortizable trade names	5.9	22,643	(5,244)	17,399
Indefinite lived trade names	N/A	260,023	—	260,023
Noncompete agreements	5	970	(566)	404
Sales order backlog	1	9,526	(4,526)	5,000
	15.8 years	$ 989,651	$ (113,663)	$ 875,988

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

NOTE 7 — LONG-TERM DEBT

The significant components of our long-term debt are as follows (in thousands):

	December 31, 2010	December 31, 2009
Issuer:		
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
Non-Guarantors:		
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
	$ 1,360,241	$ 1,443,496

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 operations. 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 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. Such interest would be computed at an annual rate of 0.25% for the first 90 days following a failed deadline, an annual rate of 0.50% for the second 90 days, an annual rate of 0.75% for the third 90 days, and an annual rate of 1.00% thereafter. If we failed to meet all applicable deadlines, the maximum total special interest would equate to $3.9 million for the year ending December 31, 2011 and $10.5 million for each succeeding year until the Notes mature on December 15, 2016. No liability has been recorded related to these special interest payments as we have deemed the likelihood of noncompliance to be remote.

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 operations. 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 operations.

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.

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.

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.

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:

MRC Transmark's Leverage Ratio	Margin
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%.

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
	$ 1,060	$ 802	$ 311	$ 16	$ 475
				Cash on hand:	56
				Liquidity at December 31, 2010:	$ 531

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%
	8.29%	7.72%

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 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):

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
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 operations on our interest rate swap derivatives (in thousands):

	Year Ended December 31,		
	2010	2009	2008
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 operations.

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)	$ (273,416)	$ 385,338
Foreign	(15,802)	(81,338)	21,411
	$ (75,177)	$ (354,754)	$ 406,749

Income taxes included in the consolidated statements of operations 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
	(26,026)	34,254	171,924
Deferred:			
Federal	5,801	(44,214)	(15,252)
State	458	(3,443)	(2,462)
Foreign	(3,586)	(1,580)	(947)
	2,673	(49,237)	(18,661)
Income tax (benefit) expense	$ (23,353)	$ (14,983)	$ 153,263

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)	$ (124,246)	$ 142,362
State taxes	(813)	6	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	$ (23,353)	$ (14,983)	$ 153,263
Effective tax rate	31.1%	4.2%	37.7%

Significant components of our current deferred tax assets and liabilities are as follows (in thousands):

	December 31, 2010	December 31, 2009
Deferred tax assets:		
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
Deferred tax liabilities:		
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	(266,437)	(292,987)
Debt	(5,745)	(5,744)
Other	(777)	(1,329)
Total deferred tax liabilities	(381,798)	(394,294)
Net deferred tax liability	$ (373,719)	$ (377,948)

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.

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	December 31, 2009
Currency translation adjustments	$ (18,703)	$ (13,996)
Pension related adjustments	(1,153)	651
Accumulated other comprehensive loss	$ (19,856)	$ (13,345)

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	$ (51,824)	$ (339,771)	$ 253,486
Average basic shares outstanding	168,768	158,134	155,292
Effect of dilutive securities	—	—	364
Average dilutive shares outstanding	168,768	158,134	155,656
Net (loss) income per share:			
Basic	$ (0.31)	$ (2.15)	$ 1.63
Diluted	$ (0.31)	$ (2.15)	$ 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.

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:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Stock Options				
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	3,937,122	$ 9.95	7.7	$ 3,021
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

	Shares	Weighted Average Grant-Date Fair Value
Restricted Stock		
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	155,465	$ 5.97

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
Stock Options			
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	$ —
Restricted Stock			
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. The effect of the modifications were evaluated and accounted for in accordance with Generally Accepted Accounting Principles, ASC 718 Compensation — Stock Compensation. Expense associated with the options continues to be recognized at a minimum at the original grant date fair value.

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.

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	$ 3,744	$ 7,830	$ 10,241
Income tax benefits related to equity-based compensation	$ 1,383	$ 2,892	$ 3,584

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		$ 12,616

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.

We maintain defined contribution plans in the following international locations:

Country	Approximate Employer Contribution
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
	$ 5,179	$ 4,075	$ 28,682

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	$ 27,538	$ 26,277
Accumulated benefit obligation at end of period	$ 25,388	$ 24,702

	December 31, 2010	December 31, 2009
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	$ 29,231	$ 29,838
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	$ 3,094	$ 2,747
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	$ 3,094	$ 2,747

The following table sets forth our net periodic pension cost (in thousands):

	Year Ended December 31, 2010	Year Ended December 31, 2009
Service cost	$ 927	$ 168
Interest cost	1,315	234
Expected return on plan assets	(1,498)	(248)
Net periodic pension cost	$ 744	$ 154

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.

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.

The following table sets forth the fair values of our pension plan assets (in thousands):

	Total	Level 1	Level 2	Level 3
December 31, 2010				
Cash and cash equivalents	$ 200	$ 200	$ —	$ —
Fixed income	19,250	19,250	—	—
Mutual fund	5,886	5,886	—	—
Insurance contracts	3,895	—	3,895	—
	$ 29,231	$ 25,336	$ 3,895	$ —
December 31, 2009				
Cash and cash equivalents	$ 223	$ 223	$ —	$ —
Fixed income	20,098	20,098	—	—
Mutual fund	5,667	5,667	—	—
Insurance contracts	3,850	—	3,850	—
	$ 29,838	$ 25,988	$ 3,850	$ —

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

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):

	Year Ended December 31,		
	2010	2009	2008
Affiliates of the Goldman Sachs Funds	$ 700	$ 10,750	$ 4,400

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):

	Year Ended December 31,		
	2010	2009	2008
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
	$ 6,713	$ 7,089	$ 7,052

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):

	2011	2012	2013	2014	2015 and thereafter
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
	$ 4,978	$ 2,440	$ 1,899	$ 889	$ 551

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):

	Year Ended December 31,		
	2010	2009	2008
Affiliates of the Goldman Sachs Funds	$ 24,430	$ 17,839	$ 41,968

The total receivables due from these affiliates are set forth in the following table (in thousands):

	Year Ended December 31,	
	2010	2009
Affiliates of the Goldman Sachs Funds	$ 1,900	$ 1,223

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.

The following table presents financial information for each segment (in millions):

	Year Ended December 31, 2010	2009	2008
Sales			
North America	$ 3,589.9	$ 3,610.1	$ 5,255.2
International	255.6	51.8	—
Consolidated revenues	$ 3,845.5	$ 3,661.9	$ 5,255.2
Depreciation and amortization			
North America	$ 14.8	$ 14.0	$ 11.3
International	1.8	0.5	—
Total depreciation and amortization expense	$ 16.6	$ 14.5	$ 11.3
Amortization of intangibles			
North America	$ 44.1	$ 44.6	$ 44.4
International	9.8	2.0	—
Total amortization of intangibles expense	$ 53.9	$ 46.6	$ 44.4
Goodwill and intangible impairment			
North America	$ —	$ 386.1	$ —
International	—	—	—
Total goodwill and intangible impairment	$ —	$ 386.1	$ —
Operating income (loss)			
North America	$ 59.9	$ (250.5)	$ 500.0
International	10.4	3.8	—
Total operating income (loss)	70.3	(246.7)	500.0
Interest expense	139.6	116.5	84.5
Other expense (income)	5.9	(8.4)	8.8
(Loss) income before income taxes	$ (75.2)	$ (354.8)	$ 406.7

	December 31, 2010	2009
Goodwill		
North America	$ 509.5	$ 506.6
International	39.9	43.1
Total goodwill	$ 549.4	$ 549.7
Total assets		
North America	$ 2,748.7	$ 2,772.3
International	242.5	310.9
Total assets	$ 2,991.2	$ 3,083.2

The percentages of our revenues relating to the following geographic areas are as follows:

	Year Ended December 31, 2010	2009	2008
Revenues			
United States	80%	88%	88%
Canada	13%	11%	12%
International(1)	7%	1%	—
	100%	100%	100%

	December 31, 2010	2009
Fixed assets		
United States	63%	62%
Canada	28%	29%
International(1)	9%	9%
	100%	100%

(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%
	100%	100%	100%

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.

The following table presents assets and liabilities measured at fair value on a recurring basis, and the basis for that measurement (in thousands):

	Total	Level 1	Level 2	Level 3
December 31, 2010				
Assets:	$ —	$ —	$ —	$ —
Liabilities:				
Interest rate swap agreements	8,975	—	8,975	—
Foreign exchange forward contracts	209	—	209	—
December 31, 2009				
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):

	December 31, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets				
Cash	$ 56,202	$ 56,202	$ 56,244	$ 56,244
Accounts receivable, net	596,404	596,404	506,194	506,194
Financial liabilities				
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 operating expenses of the properties. Leases with escalation clauses based on an index, such as the consumer price index, are expensed and projected based on current rates. Leases with specified escalation steps are expensed and projected based on the rate in effect in the respective period which is not materially different than the straight-line method. 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
	$ 90,913	$ 8,612

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.

There was an increase in the number of claims filed during the fiscal years ending December 31, 2009 and December 31, 2010. We believe that this increase is due to a recent increase in the marketing efforts by personal injury law firms in West Virginia and Pennsylvania. Although we do not know whether this is a trend that will continue in the near term, in the long term, we anticipate that asbestos-related litigation against us will decrease as the incidence of asbestos-related disease in the general U.S. population decreases.

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 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.

In the summer of 2010, our customer NiSource, Inc. notified McJunkin Red Man Corporation that certain 1¢¢ polyethylene pipe manufactured by PolyPipe, Inc. may be defective. PolyPipe, Inc. filed a petition in the District Court in Cooke County, Texas against McJunkin Red Man Corporation and NiSource, Inc. seeking, among other things, a declaratory judgment that PolyPipe, Inc. is not responsible for certain costs relating to the defendants’ alleged failure to track and record the installation locations of the pipe and certain expenditures implementing the potential remediation plan. PolyPipe, Inc. subsequently filed a notice of non-suit without prejudice, requesting that the Court dismiss PolyPipe's claims without prejudice to their re-filing the same claims. Because this matter is in the early stages, we are unable to determine the amount of liability, if any, that may result from the ultimate resolution this matter.

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, 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 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

In December 2009 and February 2010, McJunkin Red Man Corporation (presented as Issuer in the following tables), a 100%-owned subsidiary of McJunkin Red Man Holding Corporation (presented as Parent in the following tables), issued senior secured notes due December 15, 2016. The senior secured notes are fully and unconditionally, and jointly and severally, guaranteed on a senior basis by McJunkin Red Man Holding Corporation and substantially all existing and future 100%-owned domestic restricted subsidiaries of McJunkin Red Man Corporation (collectively, the "Guarantors"). All other subsidiaries of McJunkin Red Man Corporation, whether direct or indirect, do not guarantee the senior secured notes (the "Non-Guarantors").

The following condensed consolidating financial statements present the results of operations, financial position and cash flows of (1) the Parent, (2) the Issuer, (3) the Guarantors, (4) the Non-Guarantors, and (5) eliminations to arrive at the information for McJunkin Red Man Holding Corporation on a consolidated basis.

Separate financial statements and other disclosures concerning the Guarantors are not presented because management does not believe such information is material to investors. Therefore, each of the Guarantors is combined in the presentation below.

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
Investment in subsidiaries	686.6	478.3	—	—	(1,164.9)	—
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	—	747.3	—	69.9	—	817.2
	$ 695.9	$ 3,088.8	$ 502.3	$ 504.6	$ (1,800.4)	$ 2,991.2
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	296.0	3.4	17.7	—	323.2
Shareholders' equity	689.7	686.6	427.2	51.1	(1,164.9)	689.7
	$ 695.9	$ 3,088.8	$ 502.3	$ 504.6	$ (1,800.4)	$ 2,991.2

	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	740.8	451.0	—	—	(1,191.8)	—
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	—	787.1	—	88.9	—	876.0
	$ 748.7	$ 3,055.6	$ 444.4	$ 567.6	$ (1,733.1)	$ 3,083.2
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	329.1	4.4	20.6	—	358.5
Shareholders’ equity	743.9	740.8	384.1	66.9	(1,191.8)	743.9
	$ 748.7	$ 3,055.6	$ 444.4	$ 567.6	$ (1,733.1)	$ 3,083.2

Condensed Consolidated Statements of Operations

	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	—	2,742.1	3.8	587.5	(6.0)	3,327.4
Gross margin	—	382.7	(3.8)	139.2	—	518.1
Selling, general and administrative expenses	0.4	243.7	78.6	125.1	—	447.8
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	$ (51.8)	$ (51.1)	$ 43.3	$ (14.1)	$ 21.9	$ (51.8)

	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	—	2,690.1	2.6	376.7	(2.0)	3,067.4
Inventory write-down	—	44.1	—	2.4	—	46.5
Gross margin	—	481.4	(2.6)	69.2	—	548.0
Selling, general and operating expenses	0.3	246.8	89.5	72.0	—	408.6
Goodwill and intangible impairment	—	317.1	—	69.0	—	386.1
Operating (loss) income	(0.3)	(82.5)	(92.1)	(71.8)	—	(246.7)
Other (expense) income	(7.1)	(385.0)	293.6	(9.6)	—	(108.1)
(Loss) income before taxes	(7.4)	(467.5)	201.5	(81.4)	—	(354.8)
Equity in earnings of subsidiary	(334.7)	47.9	—	—	286.8	—
Income tax (benefit)	(2.3)	(84.9)	75.8	(3.6)	—	(15.0)
Net (loss) income	$ (339.8)	$ (334.7)	$ 125.7	$ (77.8)	$ 286.8	$ (339.8)

	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	—	2,179.2	1,586.8	514.7	(7.6)	4,273.1
Gross margin	—	474.0	390.8	118.0	(0.7)	982.1
Selling, general and operating expenses	7.1	165.1	227.8	82.1	—	482.1
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	$ 254.2	$ 270.0	$ 264.9	$ 13.4	$ (549.0)	$ 253.5

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	$ 1.1	$ 4.4	$ —	$ 50.7	$ —	$ 56.2

	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	$ 0.4	$ 5.2	$ —	$ 50.6	$ —	$ 56.2

	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	$ —	$ 4.9	$ 1.7	$ 5.5	$ —	$ 12.1

NOTE 17 — QUARTERLY INFORMATION (UNAUDITED)

Our quarterly financial information is presented in the table below (in thousands, except per share amounts):

	First	Second	Third	Fourth	Year
2010					
Revenues	$ 858.3	$ 926.9	$ 1,025.5	$ 1,034.8	$ 3,845.5
Gross margin	129.5	117.4	136.8	134.4	518.1
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)
2009					
Revenues	$ 1,153.7	$ 857.5	$ 822.1	$ 828.6	$ 3,661.9
Gross margin	243.9	125.7	55.9	122.5	548.0
Net income (loss)	71.8	16.7	(361.7)	(66.6)	(339.8)
EPS:					
Basic	$ 0.46	$ 0.11	$ (2.32)	$ (0.40)	$ (2.15)
Diluted	$ 0.46	$ 0.11	$ (2.32)	$ (0.40)	$ (2.15)

McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2011	December 31, 2010
	(Dollars in thousands) (Unaudited)	Note 1
Assets		
Current assets:		
Cash	$ 42,080	$ 56,202
Accounts receivable, net	594,892	596,404
Inventories, net	783,554	765,367
Income taxes receivable	29,565	32,593
Other current assets	9,989	10,209
Total current assets	1,460,080	1,460,775
Other assets:		
Debt issuance costs, net	30,322	32,211
Assets held for sale	1,804	12,722
Other assets	13,408	14,212
	45,534	59,145
Fixed assets:		
Property, plant and equipment, net	103,950	104,725
Intangible assets:		
Goodwill	551,720	549,384
Other intangible assets, net	808,220	817,165
	1,359,940	1,366,549
	$ 2,969,504	$ 2,991,194
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 420,085	$ 426,632
Accrued expenses and other liabilities	106,909	102,807
Deferred revenue	14,026	18,140
Deferred income taxes	70,825	70,636
Total current liabilities	611,845	618,215
Long-term obligations:		
Long-term debt, net	1,333,008	1,360,241
Deferred income taxes	302,274	303,083
Other liabilities	21,797	19,897
	1,657,079	1,683,221
Stockholders' equity:		
Common stock, $0.01 par value per share; 800,000 shares authorized, issued and outstanding March 2011 — 168,836, issued and outstanding December 2010 — 168,808	1,688	1,688
Preferred stock, $0.01 par value per share; 150,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	1,275,199	1,273,716
Retained (deficit)	(566,918)	(565,790)
Accumulated other comprehensive (loss)	(9,389)	(19,856)
	700,580	689,758
	$ 2,969,504	$ 2,991,194

See notes to condensed unaudited consolidated financial statements.

McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended	
	March 31, 2011	March 31, 2010
	(Dollars in thousands, except per share amounts)	
Sales	$ 991,813	$ 858,282
Cost of sales	844,847	728,810
Gross margin	146,966	129,472
Operating expenses:		
Selling, general and administrative expenses	114,812	108,088
Operating income	32,154	21,384
Other income (expense):		
Interest expense	(33,500)	(35,339)
Change in fair value of derivative instruments	1,868	(4,063)
Other, net	(2,340)	(360)
	(33,972)	(39,762)
(Loss) before income taxes	(1,818)	(18,378)
Income tax (benefit)	(690)	(6,478)
Net (loss)	$ (1,128)	$ (11,900)
Effective tax rate	37.95%	35.25%
Basic (loss) per common share	$ (0.01)	$ (0.07)
Diluted (loss) per common share	$ (0.01)	$ (0.07)
Weighted-average common shares, basic	168,826	168,755
Weighted-average common shares, diluted	168,826	168,755

See notes to condensed unaudited consolidated financial statements.

McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Retained (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
	(Dollars and shares in thousands)					
Balance at December 31, 2009	168,735	$ 1,687	$ 1,269,772	$ (514,216)	$ (13,345)	$ 743,898
Net (loss)	—	—	—	(11,900)	—	(11,900)
Foreign currency translation	—	—	—	—	(5,814)	(5,814)
Pension adjustment	—	—	—	—	163	163
Net comprehensive (loss)						(17,551)
Restricted stock vested during period	31	1	—	—	—	1
Equity-based compensation expense	—	—	974	—	—	974
Balance at March 31, 2010	168,766	$ 1,688	$ 1,270,746	$ (526,116)	$ (18,996)	$ 727,322
Balance at December 31, 2010	168,808	$ 1,688	$ 1,273,716	$ (565,790)	$ (19,856)	$ 689,758
Net (loss)	—	—	—	(1,128)	—	(1,128)
Foreign currency translation	—	—	—	—	10,541	10,541
Pension Adjustment					(74)	(74)
Net comprehensive income						9,339
Restricted stock vested during period	28	—	—	—	—	—
Equity-based compensation expense	—	—	1,483	—	—	1,483
Balance at March 31, 2011	168,836	$ 1,688	$ 1,275,199	$ (566,918)	$ (9,389)	$ 700,580

See notes to condensed unaudited consolidated financial statements.

McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 31, 2011	March 31, 2010
	(Dollars in thousands)	
Operating activities		
Net (loss)	$ (1,128)	$(11,900)
Adjustments to reconcile net (loss) to net cash provided by operations:		
Depreciation and amortization expense	4,003	4,021
Amortization of debt issuance costs	2,990	3,001
Equity-based compensation expense	1,483	974
Deferred income tax (benefit)	(1,127)	(1,464)
Amortization of intangibles	12,443	13,766
Increase in LIFO reserve	10,065	6,872
Change in fair value of derivative instruments	(1,868)	4,063
Provision for uncollectible accounts	(278)	(460)
Nonoperating losses and other items not using cash	2,264	683
Changes in operating assets and liabilities:		
Accounts receivable	8,257	(48,344)
Inventories	(24,706)	38,040
Income taxes	2,983	16,099
Other current assets	539	(2,332)
Accounts payable	(10,685)	(4,574)
Deferred revenue	(4,137)	7,117
Accrued expenses and other current liabilities	4,714	(19,118)
Net cash provided by operations	5,812	6,444
Investing activities		
Purchases of property, plant and equipment	(1,824)	(5,095)
Proceeds from the disposition of property, plant and equipment	10,933	1,366
Other investment and notes receivable transactions	2,830	(667)
Net cash provided by (used in) investing activities	11,939	(4,396)
Financing activities		
Net payments on revolving credit facilities	(30,830)	(69,921)
Proceeds from issuance of senior secured notes	—	48,572
Debt issuance costs paid	—	(2,477)
Net cash (used in) financing activities	(30,830)	(23,826)
(Decrease) in cash	(13,079)	(21,778)
Effect of foreign exchange rate on cash	(1,043)	58
Cash — beginning of period	56,202	56,244
Cash — end of period	$ 42,080	$ 34,524
Supplemental disclosures of cash flow information:		
Cash (received) for income taxes	$ (2,753)	$(19,893)
Cash paid for interest	5,470	7,295

See notes to condensed unaudited consolidated financial statements.

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Our unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements and do not include all information and footnotes required by generally accepted accounting principles for complete annual financial statements. However, the information furnished herein reflects all normal recurring adjustments which are, in our opinion, necessary for a fair presentation of the results for the interim periods. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2011. The condensed consolidated balance sheet as of December 31, 2010 has been derived from audited financial statements for the year ended December 31, 2010. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2010.

The condensed 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.

Use of Estimates: The preparation of financial statements in conformity with 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 uncollectible accounts receivable, realizable value of excess and obsolete inventories, inventory valuation (last-in, first-out), goodwill, other intangible assets, deferred taxes and self-insurance programs. Actual results could materially differ from those estimates.

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.

Certain purchasing costs and warehousing activities (including receiving, inspection and stocking costs), as well as general warehousing expenses, are included in selling, general and administrative expenses and not in the cost of sales. As such, our gross profit may not be comparable to others who may include these expenses as a component of costs of goods sold. Purchasing and warehousing activities costs approximated $6.2 million and $6.3 million for the three months ended March 31, 2011 and 2010, respectively.

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 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. Deposits held with banks may exceed insurance limits. We believe the likelihood of loss associated with our cash equivalents is remote.

We have a broad customer base doing business throughout North America, as well as internationally. During the three months ended March 31, 2011 and March 31, 2010, we did not have sales to any one customer that exceeded 10% of our gross sales. At March 31, 2011 and December 31, 2010, no individual customer balances exceeded 10% of our gross accounts receivable. Accordingly, no significant concentration of customer credit risk is considered to exist.

Income Taxes: We estimate the tax that will be provided for the fiscal year stated as a percentage of income before taxes. This estimated annual effective tax rate is applied to the year-to-date income before taxes at the end of each quarter to compute the year-to-date tax. The tax effects of significant, unusual or infrequently occurring items are recognized as discrete items in the interim period in which the events occur. This quarterly determination of the annual effective tax rate is based upon a number of significant estimates and judgments, including estimating the annual income before taxes in each tax jurisdiction in which we operate.

Segment Reporting: We have two operating segments, one consisting of our North American operations and one consisting of our International operations. Our North American segment consists of our operations in the United States and Canada. Our International segment has operations in Europe, Asia and Australasia. These segments represent our 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 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) markets, through our distribution operations located throughout the world.

Recent Accounting Pronouncements: In January 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU No. 2011-01"), *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20*, an amendment to ASC Topic 310, *Receivables*. This amendment temporarily delays the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow the FASB time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. The guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011. We do not believe that ASU No. 2011-01 will have a material impact on our consolidated financial statements.

NOTE 2 — INVENTORIES

The composition of our inventory is as follows (in thousands):

	March 31, 2011	December 31, 2010
Finished goods inventory at average cost:		
Energy carbon steel tubular products	$ 428,698	$ 396,611
Valves, fittings, flanges and all other products	480,565	481,137
	909,263	877,748
Less: Excess of average cost over LIFO cost (LIFO reserve)	(111,474)	(101,419)
Less: Other inventory reserves	(14,235)	(10,962)
	$ 783,554	$ 765,367

During 2010, 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. The effect of this LIFO decrement decreased cost of sales by approximately $0.2 million during the three months ended March 31, 2011 and increased cost of sales by approximately $1.6 million during the three months ended March 31, 2010.

NOTE 3 — LONG-TERM DEBT

The significant components of our long-term debt are as follows (in thousands):

	March 31, 2011	December 31, 2010
9.50% senior secured notes due 2016, net of discount	$1,028,864	$1,027,938
Asset-based revolving credit facility	245,479	286,398
Midfield revolving credit facility	23,463	1,297
Midfield term loan facility	4,507	14,415
MRC Transmark revolving credit facility	23,112	23,214
MRC Transmark factoring facility	7,583	6,979
	1,333,008	1,360,241
Less current portion	—	—
	$1,333,008	$1,360,241

At March 31, 2011, availability under our revolving credit facilities was as follows (in thousands):

	Commitment Amount	Eligible Collateral (up to Commitment Amount)	Amount Outstanding	Letters of Credit	Availability
Asset-based revolving credit facility	$ 900,000	$ 627,353	$ 245,479	$ 4,809	$ 377,065
Midfield revolving credit facility	82,288	82,288	23,463	—	58,825
MRC Transmark revolving credit facility	84,594	84,594	23,112	10,282	51,200
	$ 1,066,882	$ 794,235	$ 292,054	$ 15,091	$ 487,090
				Cash on hand:	42,080
				Liquidity at March 31, 2011:	$ 529,170

We were in compliance with the covenants contained in our indenture and each of our credit facilities as of and for the three months ended March 31, 2011.

On April 29, 2011, we engaged certain financial institutions to arrange a new $1 billion senior revolving credit facility. This facility will replace and the proceeds will be used to repay existing indebtedness under our Asset-based revolving credit facility, Midfield revolving credit facility and Midfield term loan facility and to fund the ongoing operational needs of the business. The facility will have a five year maturity and terms substantially similar to our existing Asset-based revolving credit facility. This refinancing transaction was completed on June 14, 2011. We anticipate that we will incur a one-time non-cash charge to expense of approximately $10 million for certain capitalized fees relating to our previous facilities.

Interest on Borrowings: Our weighted-average effective interest rates on borrowings outstanding at March 31, 2011 and December 31, 2010 were as follows:

	March 31, 2011	December 31, 2010
9.50% senior secured notes due 2016, net of discount	9.88%	9.88%
Asset-based revolving credit facility	3.50%	3.34%
Midfield revolving credit facility	4.75%	5.00%
Midfield term loan facility	5.75%	5.86%
MRC Transmark revolving credit facility	2.57%	2.61%
MRC Transmark factoring facility	1.63%	1.46%
	8.43%	8.29%

Interest Rate Swaps and Forward Foreign Exchange Contracts: We use derivative financial instruments to help manage our exposure to interest rate risk and fluctuations in foreign currencies.

Effective March 31, 2009, we entered into a freestanding $500 million interest rate swap derivative 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 have several additional interest rate swap derivatives, with notional amounts approximating $19.1 million in the aggregate. All of our derivative instruments are freestanding and, accordingly, changes in their fair market value are recorded in earnings.

We did not have any derivatives designated as hedging instruments at March 31, 2011 or December 31, 2010. The table below provides data about the fair value of our derivative instruments that are recorded in our condensed consolidated balance sheets (in thousands):

	March 31, 2011		December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments:				
Forward foreign exchange contracts(1)	$57	$ —	$—	$ 209
Interest rate contracts(1)	—	7,414	—	8,975

(1) Included in "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets. The total notional amount of our interest rate swaps was approximately $0.5 billion at March 31, 2011 and December 31, 2010. The total notional amount of our forward foreign exchange contracts was approximately $23 million and $8 million at March 31, 2011 and December 31, 2010.

The table below provides data about the amount of gains and (losses) recognized in our condensed consolidated statements of operations on our derivative instruments (in thousands):

	Three Months Ended	
	March 31, 2011	March 31, 2010
Derivatives not designated as hedging instruments:		
Forward foreign exchange contracts	$ 278	$ 157
Interest rate contracts	1,590	(4,220)

NOTE 4 — STOCKHOLDERS' EQUITY

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss in the accompanying condensed consolidated balance sheets consists of the following (in thousands):

	March 31, 2011	December 31, 2010
Currency translation adjustments	$(8,162)	$(18,703)
Pension-related adjustments	(1,227)	(1,153)
Accumulated other comprehensive loss	$(9,389)	$(19,856)

Earnings per Share

Earnings per share are calculated as follows (in thousands, except per share amounts):

	Three Months Ended	
	March 31, 2011	March 31, 2010
Net (loss)	$ (1,128)	$ (11,900)
Average basic shares outstanding	168,826	168,755
Effect of dilutive securities	—	—
Average dilutive shares outstanding	168,826	168,755
Net (loss) per share:		
Basic	$ (0.01)	$ (0.07)
Diluted	$ (0.01)	$ (0.07)

Stock options and restricted stock are disregarded in this calculation if they are determined to be antidilutive. For the quarters ended March 31, 2011 and March 31, 2010, our anti-dilutive stock options totaled approximately 3.9 million and our anti-dilutive restricted stock totaled approximately 0.2 million.

NOTE 5 — EMPLOYEE BENEFIT PLANS

Restricted Stock and Stock Option 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.

A summary of the status of stock option grants under the stock option plan for the three months ended March 31, 2011 and March 31, 2010 is as follows:

	Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Outstanding at December 31, 2009	3,979,210	$ 9.77		
Granted	—	—		
Exercised	—	—		
Forfeited	(45,118)	$ 7.44		
Expired	—	—		
Outstanding at March 31, 2010	3,934,092	$ 9.80	8.3	$ 5,516
Outstanding at December 31, 2010	3,937,122	$ 9.95		
Granted	—	—		
Exercised	—	—		
Forfeited	(13,345)	$ 4.81		
Expired	—	—		
Outstanding at March 31, 2011	3,923,777	$ 9.96	7.4	$ 2,985

Additional information regarding stock options outstanding at March 31, 2011 is provided in the following table:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Stock Options				
At March 31, 2011:				
Options exercisable	943,879	$ 8.40	6.8	$ 1,356
Options outstanding and vested	943,879	$ 8.40	6.8	$ 1,356
Options outstanding, vested and expected to vest	3,743,112	$ 10.02	7.4	$ 2,803

Under the terms of the 2007 Restricted Stock Plan, restricted stock may be granted at the direction of our 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.

The following table summarizes restricted stock activity under the restricted stock plan during the three months ended March 31, 2011 and March 31, 2010:

	Shares	Weighted Average Grant-Date Fair Value
Beginning balance at December 31, 2009	227,885	5.57
Vested	(30,191)	4.71
Forfeited	(4,764)	4.71
Ending balance at March 31, 2010	192,930	5.73
Beginning balance at December 31, 2010	155,465	5.97
Vested	(28,584)	4.71
Forfeited	(953)	4.71
Ending balance at March 31, 2011	125,928	6.27

Restricted Common Units: Certain of our key employees received restricted common units of our parent company, PVF Holdings LLC, that vest over a three-to-five-year requisite service period. At March 31, 2011, 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 profits units in PVF Holdings LLC that vest over a five-year requisite service period. The holders of these units are entitled to their pro rata share of any distributions made by PVF Holdings LLC once common unit holders have received a return of all capital contributed to PVF Holdings LLC (for purposes of the limited liability company agreement of PVF Holdings LLC). Expense is being recognized on a straight-line basis over the vesting period.

Recognized compensation expense under our equity-based compensation plans is set forth in the table below (in thousands):

	Three Months Ended	
	March 31, 2011	March 31, 2010
Equity-based compensation expense:		
Stock options	$1,022	$ 784
Restricted stock	108	77
Restricted common units	—	(339)
Profit units	353	452
Total equity-based compensation expense	$1,483	$ 974

Unrecognized compensation expense under our equity-based compensation plans is set forth in the table below (in thousands):

	March 31, 2011	March 31, 2010
Unrecognized equity-based compensation expense:		
Stock options	$ 8,880	$11,466
Restricted stock	497	886
Profit units	1,658	3,874
Total unrecognized equity-based compensation expense	$11,035	$16,226

NOTE 6 — 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 natural gas), midstream (gathering and transmission of oil and natural gas, natural gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets through our distribution operations located throughout the world.

The following table presents financial information for each segment (in millions):

	Three Months Ended	
	March 31, 2011	March 31, 2010
Sales:		
North America	$932.4	$780.7
International	59.4	77.6
Consolidated	$991.8	$858.3
Depreciation and amortization:		
North America	$ 3.5	$ 3.5
International	0.5	0.5
Consolidated	$ 4.0	$ 4.0

	Three Months Ended	
	March 31, 2011	March 31, 2010
Amortization of intangibles:		
North America	$11.0	$ 11.0
International	1.4	2.8
Consolidated	$12.4	$ 13.8
Operating income:		
North America	$30.6	$ 14.0
International	1.6	7.4
Consolidated	$32.2	$ 21.4
Interest expense	$33.5	$ 35.3
Other expense	0.5	4.5
(Loss) before income taxes	$ (1.8)	$(18.4)

	March 31, 2011	December 31, 2010
Goodwill:		
North America	$ 509.2	$ 509.5
International	42.5	39.9
Consolidated goodwill	$ 551.7	$ 549.4
Total assets:		
North America	$2,714.1	$2,748.7
International	255.4	242.5
Consolidated total assets	$2,969.5	$2,991.2

The percentages of our sales and assets relating to certain geographic areas are listed below:

	Three Months Ended	
	March 31, 2011	March 31, 2010
Sales:		
United States	78%	76%
Canada	16%	15%
International	6%	9%
	100%	100%

	March 31, 2011	December 31, 2010
Assets:		
United States	81%	83%
Canada	10%	9%
International	9%	8%
	100%	100%

The percentages of our net sales by product line are as follows:

	Three Months Ended	
Type	March 31, 2011	March 31, 2010
Energy carbon steel tubular products	34%	33%
Valves, fittings, flanges and other products	66%	67%
	100%	100%

NOTE 7 — FAIR VALUE MEASUREMENTS

We used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value.

Derivatives: Derivatives 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.

Forward Foreign Exchange Contracts: Forward foreign exchange 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.

The following table presents assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and December 31, 2010, and the basis for that measurement (in thousands):

	Total	Level 1	Level 2	Level 3
March 31, 2011				
Assets:				
Forward foreign exchange contracts	$ 57	—	$ 57	—
Liabilities:				
Interest rate swap agreements	7,414	—	7,414	—
December 31, 2010				
Assets:	—	—	—	—
Liabilities:				
Forward foreign exchange contracts	209	—	209	—
Interest rate swap agreements	8,975	—	8,975	—

The following table presents the carrying value and estimated fair value of our financial instruments that are carried at adjusted historical cost (in thousands):

	March 31, 2011		December 31, 2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash	$ 42,080	$ 42,080	$ 56,202	$ 56,202
Accounts receivable, net	594,892	594,892	596,404	596,404
Trade accounts payable	420,085	420,085	426,632	426,632
Accrued expenses and other liabilities	106,909	106,909	102,807	102,807
Long-term debt	1,333,008	1,328,962	1,360,241	1,292,826

The carrying values of our financial instruments, including cash and cash equivalents, accounts receivable, trade accounts payable and accrued expenses and other liabilities, approximate fair value because of the short maturity of these financial instruments.

We estimated the fair value of the senior secured notes using dealer quotations as of March 31, 2011 and December 31, 2010.

We estimated the fair value of our asset-based revolving credit facility ("ABL") by discounting scheduled future payments (principal and interest) at current rates available on borrowings with similar terms as of March 31, 2011. The carrying values of the remaining portions of our long-term debt approximate their fair values.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

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 March 31, 2011, we are a defendant in lawsuits involving approximately 945 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 March 31, 2011, lawsuits involving over 11,750 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 March 31, 2011, approximately $1.4 million has been paid to asbestos claimants in connection with settlements of claims against us without regard to insurance recoveries.

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.

In the summer of 2010, our customer NiSource, Inc. notified McJunkin Red Man Corporation that certain polyethylene pipe manufactured by PolyPipe, Inc. may be defective. PolyPipe, Inc. filed a petition in the District Court in Cooke County, Texas against McJunkin Red Man Corporation and NiSource, Inc. seeking, among other things, a declaratory judgment that PolyPipe, Inc. is not responsible for certain costs relating to the defendants' alleged failure to track and record the installation locations of the pipe and certain expenditures implementing the potential remediation plan. PolyPipe, Inc. subsequently filed a notice of non-suit without prejudice, requesting that the Court dismiss PolyPipe's claims without prejudice to their re-filing the same claims. Because this matter is in the early stages, we are unable to determine the amount of liability, if any, that may result from the ultimate resolution this matter.

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 or liquidity, 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 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.

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 9 — GUARANTOR AND NON-GUARANTOR FINANCIAL STATEMENTS

In December 2009 and February 2010, McJunkin Red Man Corporation (presented as Issuer in the following tables), a 100%-owned subsidiary of McJunkin Red Man Holding Corporation (presented as Parent in the following tables), issued senior secured notes due December 15, 2016. The senior secured notes are fully and unconditionally, and jointly and severally, guaranteed on a senior basis by McJunkin Red Man Holding Corporation and substantially all existing and future 100%-owned domestic restricted subsidiaries of McJunkin Red Man Corporation (collectively, the "Guarantors"). All other subsidiaries of McJunkin Red Man Corporation, whether direct or indirect, do not guarantee the senior secured notes (the "Non-Guarantors").

The following condensed consolidating financial statements present the results of operations, financial position and cash flows of (1) the Parent, (2) the Issuer, (3) the Guarantors, (4) the Non-Guarantors, and (5) eliminations to arrive at the information for McJunkin Red Man Holding Corporation on a consolidated basis. Separate financial statements and other disclosures concerning the Guarantors are not presented because management does not believe such information is material to investors. Therefore, each of the Guarantors is combined in the presentation below.

Condensed Consolidated Balance Sheets

	March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash	$ 0.9	$ 6.3	$ —	$ 34.9	$ —	$ 42.1
Accounts receivable, net	0.7	405.4	—	188.8	—	594.9
Inventory, net	—	628.8	—	154.8	—	783.6
Income taxes receivable	0.1	60.6	—	5.1	(36.2)	29.6
Other current assets	—	2.1	2.0	5.8	—	9.9
Total current assets	1.7	1,103.2	2.0	389.4	(36.2)	1,460.1
Investment in subsidiaries	697.7	395.8	—	—	(1,093.5)	—
Intercompany receivable	7.3	—	363.6	—	(370.9)	—
Other assets	—	129.6	0.2	8.4	(92.7)	45.5
Fixed assets, net	—	45.5	19.5	39.0	—	104.0
Goodwill	—	509.2	—	42.5	—	551.7
Other intangible assets, net	—	737.4	—	70.8	—	808.2
	$ 706.7	$ 2,920.7	$ 385.3	$ 550.1	$ (1,593.3)	$ 2,969.5
Trade accounts payable	$ —	$ 295.3	$ 0.8	$ 124.0	$ —	$ 420.1
Accrued expenses	0.2	83.4	7.8	22.8	(7.3)	106.9
Income taxes payable	—	—	33.6	2.6	(36.2)	—
Deferred revenue	—	12.6	—	1.4	—	14.0
Deferred income taxes	—	70.8	—	—	—	70.8
Total current liabilities	0.2	462.1	42.2	150.8	(43.5)	611.8
Long-term debt, net	—	1,274.3	—	177.2	(118.5)	1,333.0
Intercompany payable	—	190.3	—	148.1	(338.4)	—
Other liabilities	5.9	296.3	2.5	18.8	0.6	324.1
Shareholders' equity	700.6	697.7	340.6	55.2	(1,093.5)	700.6
	$ 706.7	$ 2,920.7	$ 385.3	$ 550.1	$ (1,593.3)	$ 2,969.5

	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
Investment in subsidiaries	686.6	478.3	—	—	(1,164.9)	—
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	—	747.3	—	69.9	—	817.2
	$ 695.9	$ 3,088.8	$ 502.3	$ 504.6	$ (1,800.4)	$ 2,991.2
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	296.0	3.4	17.7	—	323.2
Shareholders’ equity	689.7	686.6	427.2	51.1	(1,164.9)	689.7
	$ 695.9	$ 3,088.8	$ 502.3	$ 504.6	$ (1,800.4)	$ 2,991.2

Condensed Consolidated Statements of Operations

	Three Months Ended March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	$ —	$ 771.5	$ —	$ 220.3	$ —	$ 991.8
Cost of sales	—	667.1	0.9	176.8	—	844.8
Gross margin	—	104.4	(0.9)	43.5	—	147.0
Operating expenses	—	60.9	20.5	33.4	—	114.8
Operating (loss) income	—	43.5	(21.4)	10.1	—	32.2
Other (expense) income	(0.2)	(94.4)	68.8	(8.2)	—	(34.0)
(Loss) income before taxes	(0.2)	(50.9)	47.4	1.9	—	(1.8)
Equity in earnings of subsidiary	(1.0)	30.0	—	—	(29.0)	—
Income tax (benefit)	(0.1)	(19.9)	17.6	1.7	—	(0.7)
Net (loss) income	$ (1.1)	$ (1.0)	$ 29.8	$ 0.2	$ (29.0)	$ (1.1)

	Three Months Ended March 31, 2010					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	$ —	$ 656.2	$ —	$ 202.1	$ —	$ 858.3
Cost of sales	—	565.2	0.9	162.7	—	728.8
Gross margin	—	91.0	(0.9)	39.4	—	129.5
Operating expenses	0.2	57.0	18.3	32.6	—	108.1
Operating (loss) income	(0.2)	34.0	(19.2)	6.8	—	21.4
Other (expense) income	(0.4)	(106.3)	73.0	(6.1)	—	(39.8)
(Loss) income before taxes	(0.6)	(72.3)	53.8	0.7	—	(18.4)
Equity in earnings of subsidiary	(11.5)	33.0	—	—	(21.5)	—
Income tax (benefit)	(0.2)	(27.8)	20.8	0.7	—	(6.5)
Net (loss) income	$ (11.9)	$ (11.5)	$ 33.0	$ —	$ (21.5)	$ (11.9)

Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	$ (0.1)	$ 33.8	$ 3.6	$ (31.5)	$ —	$ 5.8
Investing activities	(0.1)	12.7	(3.6)	2.9	—	11.9
Financing activities	—	(43.3)	—	12.5	—	(30.8)
Effect of exchange rate on cash	—	(1.3)	—	0.3	—	(1.0)
Increase (decrease) in cash	(0.2)	1.9	—	(15.8)	—	(14.1)
Cash — beginning of period	1.1	4.4	—	50.7	—	56.2
Cash — end of period	$ 0.9	$ 6.3	$ —	$ 34.9	$ —	$ 42.1

	Three Months Ended March 31, 2010					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	$ 0.4	$ (5.7)	$ 4.3	$ 7.4	$ —	$ 6.4
Investing activities	(0.6)	1.2	(4.3)	(0.7)	—	(4.4)
Financing activities	—	3.4	—	(27.1)	—	(23.7)
Effect of exchange rate on cash	—	(0.8)	—	0.8	—	—
Increase (decrease) in cash	(0.2)	(1.9)	—	(19.6)	—	(21.7)
Cash — beginning of period	0.5	5.1	—	50.6	—	56.2
Cash — end of period	$ 0.3	$ 3.2	$ —	$ 31.0	$ —	$ 34.5

Until , 2011, all dealers that effect transactions in the exchange notes may be required to deliver a prospectus.

McJunkin Red Man Corporation

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

Exhibit Number	Description
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.

Exhibit Number	Description
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.

Exhibit Number	Description
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.
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.

Exhibit Number	Description
10.18.2*†	Amendment No. 1 to the Management Stockholders Agreement, dated as of December 21, 2007, executed by PVF Holdings LLC.
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.

Exhibit Number	Description
10.31	Loan, Security and Guarantee Agreement between McJunkin Red Man Corporation, Midfield Supply ULC and the other parties thereto.
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.
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.
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.

*** Previously filed with Registration Statement on Form S-4 of McJunkin Red Man Corporation (No. 333-173035).

† 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 21st day of June, 2011.

MCJUNKIN RED MAN CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 2011
* Leonard M. Anthony	Director	June 21, 2011
* Rhys J. Best	Director	June 21, 2011
* Peter C. Boylan III	Director	June 21, 2011
* Henry Cornell	Director	June 21, 2011
* Christopher A.S. Crampton	Director	June 21, 2011
* John F. Daly	Director	June 21, 2011
* Craig Ketchum	Director	June 21, 2011
* Gerard P. Krans	Director	June 21, 2011

Signature	Title	Date
* Dr. Cornelis A. Linse	Director	June 21, 2011
* John A. Perkins	Director	June 21, 2011
* H.B. Wehrle, III	Director	June 21, 2011

* By: /s/ Andrew R. Lane
Andrew R. Lane,
Attorney-in-Fact

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 21st day of June, 2011.

MCJUNKIN RED MAN DEVELOPMENT CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MCJUNKIN NIGERIA LIMITED

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MCJUNKIN-PUERTO RICO CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MCJUNKIN-WEST AFRICA CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MILTON OIL & GAS COMPANY

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

RUFFNER REALTY COMPANY

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

GREENBRIER PETROLEUM CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MIDWAY-TRISTATE CORPORATION

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

MRC MANAGEMENT COMPANY

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 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 21st day of June, 2011.

THE SOUTH TEXAS SUPPLY COMPANY, INC.

By: /s/ Andrew R. Lane
Andrew R. Lane
Chairman, President and Chief Executive Officer

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	Title	Date
/s/ Andrew R. Lane Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer and Sole Director)	June 21, 2011
/s/ James F. Underhill James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 21, 2011
/s/ Elton Bond Elton Bond	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 21, 2011

INDEX TO EXHIBITS

Exhibit Number	Description
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.

Exhibit Number	Description
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.

Exhibit Number	Description
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.

Exhibit Number	Description
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.

Exhibit Number	Description
10.31	Loan, Security and Guarantee Agreement between McJunkin Red Man Corporation, Midfield Supply ULC and the other parties thereto.
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.
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.
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.

*** Previously filed with Registration Statement on Form S-4 of McJunkin Red Man Corporation (No. 333-173035).

† Management contract or compensatory plan or arrangement required to be posted as an exhibit to this report.

Exhibit 10.31

LOAN, SECURITY AND GUARANTEE AGREEMENT

Dated as of June 14, 2011

among

MCJUNKIN RED MAN CORPORATION,
GREENBRIER PETROLEUM CORPORATION,
MCJUNKIN NIGERIA LIMITED,
MCJUNKIN — PUERTO RICO CORPORATION,
MCJUNKIN RED MAN DEVELOPMENT CORPORATION,
MCJUNKIN — WEST AFRICA CORPORATION,
MIDWAY — TRISTATE CORPORATION,
MILTON OIL & GAS COMPANY,
MRC MANAGEMENT COMPANY,
MRM OKLAHOMA MANAGEMENT LLC,
RUFFNER REALTY COMPANY
and
THE SOUTH TEXAS SUPPLY COMPANY, INC.,
as U.S. Borrowers and Canadian Facility Guarantors,

MIDFIELD SUPPLY ULC,
as a Canadian Borrower,

any other U.S. Borrowers and Canadian Borrowers party hereto from time to time

and

certain other U.S. Subsidiaries of U.S. Borrowers
party hereto from time to time as U.S. Facility Guarantors and Canadian Facility Guarantors,

CERTAIN FINANCIAL INSTITUTIONS,
as Lenders,

BANK OF AMERICA, N.A.,
as Administrative Agent and Collateral Agent,

BARCLAYS CAPITAL
and
WELLS FARGO CAPITAL FINANCE LLC,
as Co-Syndication Agents,

GOLDMAN SACHS LENDING PARTNERS LLC
and
U.S. BANK NATIONAL ASSOCIATION,
as Co-Documentation Agents and Managing Agents

and

SUNTRUST BANK
and
TD BANK, N.A.,
as Managing Agents

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Lead Arranger and Book Manager

and

BARCLAYS CAPITAL
and
WELLS FARGO CAPITAL FINANCE, LLC,
as Joint Lead Arrangers and as Joint Book Managers

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LIST OF EXHIBITS AND SCHEDULES

LOAN, SECURITY AND GUARANTEE AGREEMENT

THIS LOAN, SECURITY AND GUARANTEE AGREEMENT is dated as of June 14, 2011, among **MCJUNKIN RED MAN CORPORATION**, a Delaware corporation ("MRC"), **GREENBRIER PETROLEUM CORPORATION**, a West Virginia corporation ("Greenbrier"), **MCJUNKIN NIGERIA LIMITED**, a Delaware corporation ("McJunkin Nigeria"), **MCJUNKIN — PUERTO RICO CORPORATION**, a Delaware corporation ("McJunkin Puerto Rico"), **MCJUNKIN RED MAN DEVELOPMENT CORPORATION**, a Delaware corporation ("McJunkin Development"), **MCJUNKIN — WEST AFRICA CORPORATION**, a Delaware corporation ("McJunkin West Africa"), **MIDWAY — TRISTATE CORPORATION**, a New York corporation ("Midway"), **MILTON OIL & GAS COMPANY**, a West Virginia corporation ("Milton"), **MRC MANAGEMENT COMPANY**, a Delaware corporation ("Management"), **MRM OKLAHOMA MANAGEMENT LLC**, a Delaware limited liability company ("MRM Oklahoma"), **RUFFNER REALTY COMPANY**, a West Virginia corporation ("Ruffner"), and **THE SOUTH TEXAS SUPPLY COMPANY, INC.**, a Texas corporation ("South Texas" and, together with MRC, Greenbrier, McJunkin Nigeria, McJunkin Puerto Rico, McJunkin Development, McJunkin West Africa, Midway, Milton, Management, MRM Oklahoma and Ruffner, the "Initial U.S. Borrowers"), and **MIDFIELD SUPPLY ULC**, an Alberta unlimited liability company (the "Initial Canadian Borrower" and, together with the other Canadian Borrowers (as defined herein) and the U.S. Borrowers (as defined herein), the "Borrowers" and each, a "Borrower"), the other U.S. Subsidiaries (as defined herein) of the U.S. Borrowers which may hereafter become party to this Agreement as U.S. Facility Guarantors and Canadian Facility Guarantors (each as defined herein), the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as collateral agent and administrative agent for itself and the other Secured Parties (as defined herein) (together with any successor agent appointed pursuant to Section 12.8, the "Agent"), Barclays Capital, the investment banking division of Barclays Bank PLC, and Wells Fargo Capital Finance LLC, as Co-Syndication Agents, Goldman Sachs Lending Partners LLC and U.S. Bank National Association, as Co-Documentation Agents and Managing Agents, and SunTrust Bank and TD Bank, N.A., as Managing Agents.

R E C I T A L S:

The Borrowers have requested that Lenders provide a senior secured revolving credit facility to the Borrowers to finance their mutual and collective business enterprise consisting of a Canadian tranche in the initial maximum facility amount of Cdn$150,000,000 and a U.S. tranche in the initial maximum facility amount of $900,000,000. Lenders are willing to provide the senior secured revolving credit facility on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. As used herein, the following terms have the meanings set forth below:

Account: as defined in the UCC or the PPSA, as applicable, including all rights to payment for goods sold or leased, or for services rendered, whether or not they have been earned by performance.

Account Debtor: any Person who is obligated under an Account, Chattel Paper or General Intangible.

Accounting Change: as defined in Section 1.2.

Acquired EBITDA: with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary (any of the foregoing, a "Pro Forma Entity") for any period, the amount for such period of Consolidated EBITDA of such Pro Forma Entity (determined using such definitions as if references to the Borrowers and their Subsidiaries therein were to such Pro Forma Entity and its Subsidiaries), all as determined on a consolidated basis for such Pro Forma Entity in accordance with GAAP.

Acquired Entity or Business: as defined in the term "Consolidated EBITDA".

Additional Lender: as defined in Section 2.1.7(a).

Affiliate: with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power (a) to vote 20% or more of the securities having ordinary voting power for the election of directors, in the case of a corporation, or equivalent governing body, in the case of any other type of legal entity, of a Person or (b) to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Agent: as defined in the preamble to this Agreement.

Agent Indemnitees: the Agent and its officers, directors, employees, Affiliates and agents.

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, Security and Guarantee Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

Allocable Amount: as defined in Section 5.10.3(b).

AML Legislation: as defined in Section 14.17.

Applicable Canadian Borrower: (a) the Initial Canadian Borrower or (b) any other Canadian Borrower, as the context requires.

Applicable Canadian Borrower Commitment: with respect to any Canadian Borrower, the amount of Canadian Revolver Commitments up to which such Canadian Borrower may borrow Canadian Revolver Loans or request the issuance of Canadian Letters of Credit, as designated by the Loan Party Agent from time to time, and in an aggregate amount for all Canadian Borrowers not to exceed the total Canadian Revolver Commitments.

Applicable Canadian Borrower Secured Obligations: (a) if the Initial Canadian Borrower is the only Canadian Borrower, the Canadian Facility Secured Obligations of the Initial Canadian Borrower and (b) if there is more than one Canadian Borrower, the Secured Obligations of the Applicable Canadian Borrower.

Applicable Law: all laws, rules, regulations and legally binding governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law and common law, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities (having the force of law).

Applicable Lenders: with respect to the U.S. Borrowers, the U.S. Lenders, and with respect to the Canadian Borrowers, the Canadian Lenders.

Applicable Margin: with respect to any Type of Loan and such other Obligations specified below, the respective margin set forth below, as determined by reference to the Consolidated Fixed Charge Coverage Ratio as calculated as of the last day of the fiscal quarter then most recently ended:

Level	Consolidated Fixed Charge Coverage Ratio	LIBOR Loans, Canadian BA Rate Loans, U.S. Letter of Credit Fees, Canadian Letter of Credit Fees	U.S. Base Rate Loans, Canadian Base Rate Loans and Canadian Prime Rate Loans
I	£ 1.50: 1.00	2.25%	1.25%
II	> 1.50: 1.00 but £ 2.25: 1.00	2.00%	1.00%
III	> 2.25: 1.00	1.75%	.75%

Until December 1, 2011, margins shall be determined as if Level II were applicable. Thereafter, the margins shall be subject to increase or decrease upon receipt by the Agent pursuant to Sections 10.1.1(a) and (b) of the financial statements and corresponding Compliance Certificate, which change shall be effective on the first day of the calendar month immediately following receipt. If, by the first day of a month, any financial statement or Compliance Certificate due in the preceding month has not been received, then, at the option of the Agent or Required Lenders, the margins shall be determined as if Level I were applicable, from such day until the first day of the calendar month immediately following actual receipt.

Approved Fund: any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, has the capacity to fund Revolver Loans hereunder and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee (and, to the extent required by the definition of "Eligible Assignee," consented to by the Loan Party Agent), in the form of **Exhibit A-1**.

ATB Financial Debt: a fixed asset revolving term loan facility made by Alberta Treasury Branches in favor of the Initial Canadian Borrower and its Subsidiaries, in the aggregate amount of $15,000,000 pursuant to the Amended and Restated Commitment Letter, dated as of November 13, 2009, as amended, modified, supplemented or restated to the Closing Date.

Bank of America: Bank of America, N.A., a national banking association, and its successors and assigns.

Bank of America (Canada): Bank of America, N.A. (acting through its Canada branch).

Bank of America Indemnitees: Bank of America, Bank of America (Canada) and their respective officers, directors, employees, Affiliates and agents.

Bank Product: any of the following products, services or facilities extended to any Borrower or Subsidiary by a Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Hedge Agreements (other than Hedge Agreements that constitute Notes Priority Lien Debt for purposes of the Intercreditor Agreement); (c) commercial credit card, purchase card and merchant card services; and (d) other banking products or services as may be requested by any Borrower or Subsidiary, other than loans and letters of credit.

Bank Product Debt: Indebtedness and other obligations of a Loan Party relating to Bank Products.

Bank Product Document: any agreement, instrument or other document entered into in connection with any Bank Product Debt.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrower and Borrowers: as defined in the preamble to this Agreement.

Borrower Group: a group consisting of (i) the U.S. Borrowers or (ii) the Canadian Borrowers, as the context requires.

Borrower Group Commitment: with respect to the commitment of a U.S. Lender, its U.S. Revolver Commitment and, with respect to the commitment of a Canadian Lender, its Canadian Revolver Commitment; and the term "Borrower Group Commitments" means, collectively, the Borrower Group Commitments of U.S. Lenders and the Borrower Group Commitments of Canadian Lenders. To the extent any Lender has both a U.S. Revolver Commitment and a

Canadian Revolver Commitment, such Commitments shall be considered as separate Commitments for purposes of this definition.

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: the Total Canadian Borrowing Base, the Canadian Borrowing Base and/or the U.S. Borrowing Base, as the context requires.

Borrowing Base Certificate: a certificate, executed by a Senior Officer of the Loan Party Agent, in the form of **Exhibit B-1** with respect to any Canadian Borrowing Base, and in the form of **Exhibit B-2** with respect to the U.S. Borrowing Base, in each case, with such changes as may be agreed to by Loan Party Agent and Agent, setting forth the Borrowers' calculation of the Borrowing Base.

Business Day: any day excluding Saturday, Sunday and any other day that is a legal holiday under the laws of the State of North Carolina or the State of New York or is a day on which banking institutions located in such state are closed; and when used with reference to (i) a LIBOR Loan, the term shall also exclude any day on which banks are not open for the transaction of banking business in London, United Kingdom and (ii) a Canadian Revolver Loan, shall also exclude a day on which banks in Toronto, Ontario, Canada are not open for the transaction of banking business.

Canadian Availability: as of any date of determination, (a) the lesser of (i) the Canadian Revolver Commitments *minus* all Canadian LC Obligations as of such date of determination and (ii) the Total Canadian Borrowing Base as of such date of determination, *minus* (b) the principal balance of all Canadian Revolver Loans.

Canadian Availability Reserves: the sum (without duplication) of (a) the aggregate amount of the Canadian Rent Reserve, if any, established pursuant to clause (h) of the definition of Canadian Eligible Inventory; (b) the Canadian LC Reserve; (c) the Canadian Bank Product Reserve; (d) the Canadian Priority Payables Reserve; and (e) such additional reserves, in such amounts and with respect to such matters, as the Agent may establish in its Permitted Discretion.

Canadian BA Rate: with respect to each Interest Period for a Canadian BA Rate Loan, the rate of interest per annum equal to the average rate applicable to Canadian Dollar Bankers' Acceptances having an identical or comparable term as the proposed Canadian BA Rate 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. Toronto time on such day (or, if such day is not a Business Day, as of 10:00 a.m. Toronto time on the immediately preceding Business Day), *plus* five (5) basis points, *provided* that if such rate does 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.

Canadian BA Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian BA Rate.

Canadian Bank Product Reserve: the aggregate amount of reserves, as established by the Agent from time to time in its Permitted Discretion and in consultation with Loan Party Agent, to reflect the reasonably anticipated liabilities in respect of the then outstanding Secured Bank Product Obligations of the Canadian Domiciled Loan Parties and their Subsidiaries.

Canadian Base Rate: on any date, the highest of (i) 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 of America (Canada) as its "Base Rate", (ii) the sum of 0.50% plus the Federal Funds Rate for such day, and (iii) the sum of 1.00% plus the LIBOR rate for a thirty (30) day Interest Period as determined on such day. The "Base Rate" is a rate set by Bank of America (Canada) based upon various factors including Bank of America (Canada)'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans made in Dollars in Canada, which may be priced at, above, or below such announced rate. Any change in such rate shall take effect at the opening of business on the day of such change. In the event Bank of America (Canada) (including any successor or assignee) does not at any time announce a "Base Rate", clause (i) of Canadian Base Rate shall mean the "Base Rate" (being the rate for loans made in Dollars in Canada) publicly announced by a Canadian Schedule 1 Chartered Bank selected by Agent.

Canadian Base Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Dollars and bearing interest calculated by reference to the Canadian Base Rate.

Canadian Borrowers: (a) the Initial Canadian Borrower and (b) each other Canadian Subsidiary that, after the date hereof, has executed a supplement or joinder to this Agreement in accordance with Section 10.1.13(a) or (b), as applicable, and has satisfied the other requirements set forth in Section 10.1.13(a) or (b), as applicable, in order to become a Canadian Borrower.

Canadian Borrowing Base: at any time, with respect to the Applicable Canadian Borrower, an amount equal to the sum of, without duplication:

(a) the book value of Canadian Eligible Accounts of the Applicable Canadian Borrower multiplied by the advance rate of 85%, *plus*

(b) the lesser of (i) 70% of the net book value of Canadian Eligible Inventory of the Applicable Canadian Borrower (adding back the LIFO reserve calculated in accordance with GAAP) and (ii) Net Orderly Liquidation Value of Canadian Eligible Inventory of the Applicable Canadian Borrower (which shall be (A) net of the current monthly shrinkage reserve calculated in accordance with GAAP and (B) valued at Cost) multiplied by the advance rate of 85%, *minus*

(c) subject to Section 7.5, effective (i) immediately upon or (ii) five (5) Business Days after, in the case of Canadian Availability Reserves allocable to the Applicable Canadian Borrower which would cause the aggregate amount of the Canadian Revolver Loans allocable to the Applicable Canadian Borrower at such time to exceed the lesser of the Applicable Canadian Borrower's Applicable Canadian Borrower

Commitment and the Applicable Canadian Borrower's Canadian Borrowing Base then in effect, in each case, notification thereof to the Applicable Canadian Borrower by the Agent, any and all such Canadian Availability Reserves.

The Canadian Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Certificate theretofore delivered to the Agent with such adjustments as the Agent deems appropriate in its Permitted Discretion to assure that the Canadian Borrowing Base is calculated in accordance with the terms of this Agreement.

Canadian Cash Collateral Account: a demand deposit, money market or other account established by Agent at Bank of America (Canada) or such other financial institution as Agent may select in its discretion with the consent of Loan Party Agent (not to be unreasonably withheld or delayed), which account shall be for the benefit of the Canadian Facility Secured Parties and shall be subject to Agent's Liens securing the Canadian Facility Secured Obligations; *provided* that the foregoing consent of Loan Party Agent to the selection by Agent in its discretion of a financial institution other than Bank of America (Canada) shall not be required if an Event of Default has occurred and is continuing.

Canadian Dollars or Cdn$: the lawful currency of Canada.

Canadian Domiciled Loan Party: any Canadian Borrower and each Canadian Subsidiary now or hereafter party hereto as a Loan Party, and "Canadian Domiciled Loan Parties" means all such Persons, collectively.

Canadian Dominion Account: a special account established by the Canadian Domiciled Loan Parties at Bank of America (Canada) or another bank acceptable to Agent, over which Agent has exclusive control for withdrawal purposes.

Canadian Eligible Accounts: at any time, the Accounts of the Applicable Canadian Borrower at such date except any Account:

(a) which is not subject to a duly perfected and opposable Lien in favor of the Agent;

(b) which is subject to any Lien (including Liens permitted by Section 10.2.2) other than (i) a Lien in favor of the Agent and (ii) a Permitted Lien which does not have priority over the Lien in favor of the Agent; *provided* that, with respect to any tax Lien having such priority, eligibility of Accounts shall be reduced by the amount of such tax Lien having such priority;

(c) owing by any Account Debtor with respect to which more than 120 days have elapsed since the date of the original invoice therefor or which is more than 60 days past the due date for payment;

(d) which is owing by an Account Debtor for which more than 50% of the Accounts owing from such Account Debtor and its Affiliates are ineligible pursuant to clause (c) above;

(e) which is owing (i) by Canadian Natural Resources Limited and its Affiliates to the extent the aggregate amount of Accounts owing from Canadian Natural Resources Limited and its Affiliates to Canadian Borrowers exceeds 30% of the aggregate Canadian Eligible Accounts or (ii) by any other Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to Canadian Borrowers exceeds 20% of the aggregate Canadian Eligible Accounts (or such higher percentage as the Agent may establish for the Account Debtor from time to time), in each case, only to the extent of such excess;

(f) with respect to which any covenant, representation, or warranty relating to such Account contained in this Agreement has been breached or is not true in any material respect;

(g) which (i) does not arise from the sale of goods or performance of services in the Ordinary Course of Business, (ii) is not evidenced by an invoice, or other documentation satisfactory to the Agent, which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon the Applicable Canadian Borrower's completion of any further performance, or (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment which is billed prior to actual sale to the end user, cash-on-delivery or any other repurchase or return basis, except with respect to up to $10,000,000 of such Accounts in the aggregate for the U.S. Borrowing Base and the Total Canadian Borrowing Base on a combined basis as described in this clause (v) and paragraph (g)(v) of the U.S. Eligible Accounts;

(h) for which the goods giving rise to such Account (other than Accounts described in the foregoing paragraph (g)(v)) have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by the Applicable Canadian Borrower;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor in respect of which an Insolvency Proceeding has been commenced or which is otherwise a debtor or a debtor in possession under any bankruptcy law or any other federal, state or foreign (including any province or territory) receivership, insolvency relief or other law or laws for the relief of debtors, including the Bankruptcy and Insolvency Act (Canada) and the CCAA, unless the payment of Accounts from such Account Debtor is secured by assets of, or guaranteed by, in either case, in a manner reasonably satisfactory to the Agent, a Person that is reasonably acceptable to the Agent or, if the Account from such Account Debtor arises subsequent to a decree or order for relief with respect to such Account Debtor under the Bankruptcy and Insolvency Act (Canada) or the CCAA, as now or hereafter in effect, the Agent shall have reasonably determined that the timely payment and collection of such Account will not be impaired;

(k) which is owed by an Account Debtor which has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs or is not solvent;

(l) which is owed by an Account Debtor which is not organized under applicable law of the U.S. or Canada, any state of the U.S. or any province or territory of Canada and does not have its principal place of business in the U.S. or Canada unless such Account is backed by a letter of credit or other credit support reasonably acceptable to the Agent and which is in the possession of the Agent;

(m) which is owed in any currency other than Dollars or Canadian Dollars;

(n) which is owed by any Governmental Authority, unless (i) the Account Debtor is the United States or any department, agency or instrumentality thereof, and the Account has been assigned to the Agent in compliance with the U.S. Assignment of Claims Act, and any other steps necessary to perfect or render opposable the Lien of the Agent in such Account have been complied with to the Agent's reasonable satisfaction, (ii) the Account Debtor is the government of Canada or a province or territory thereof, and the Account has been assigned to the Agent in compliance with the Financial Administration Act (or similar Applicable Law of such province or territory), and any other steps necessary to perfect or render opposable the Lien of the Agent in such Account have been complied with to the Agent's reasonable satisfaction, or (iii) such Account is backed by a letter of credit reasonably acceptable to the Agent and which is in the possession of the Agent;

(o) which is owed by any Affiliate, employee, director, or officer of any Loan Party; *provided* that portfolio companies of the Sponsor that do business with the Applicable Canadian Borrower in the Ordinary Course of Business will not be treated as Affiliates for purposes of this clause (o);

(p) which is owed by an Account Debtor or any Affiliate of such Account Debtor which is the holder of Indebtedness issued or incurred by any Loan Party; *provided*, that any such Account shall only be ineligible as to that portion of such Account which is less than or equal to the amount owed by the Loan Party to such Person;

(q) which is subject to any counterclaim, deduction, defense, setoff, right of compensation or dispute, but only to the extent of the amount of such counterclaim, deduction, defense, setoff, right of compensation or dispute, unless (i) the Agent, in its Permitted Discretion, has established Canadian Availability Reserves and determines to include such Account as a Canadian Eligible Account or (ii) such Account Debtor has entered into an agreement reasonably acceptable to the Agent to waive such rights;

(r) which is evidenced by any promissory note, Chattel Paper or Instrument (in each case, other than any such items that are delivered to the Agent);

(s) which is owed by an Account Debtor located in any jurisdiction that requires, as a condition to access to the courts of such jurisdiction, that a creditor qualify to transact business, file a business activities report or other report or form, or take one or more other actions, unless the Applicable Canadian Borrower has so qualified, filed such reports or forms, or taken such actions (and, in each case, paid any required fees or other charges), except to the extent the Applicable Canadian Borrower may qualify subsequently as a foreign entity authorized to transact business in such 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;

(t) with respect to which the Applicable Canadian Borrower has made any agreement with the Account Debtor for any reduction thereof, but only to the extent of such reduction, other than discounts and adjustments given in the Ordinary Course of Business; or

(u) which the Agent determines is ineligible in its Permitted Discretion.

Subject to Sections 14.1 and 7.5 and the definition of Canadian Borrowing Base, the Agent may modify the foregoing criteria in its Permitted Discretion.

Canadian Eligible Inventory: at any date of determination thereof, the aggregate amount of all Inventory owned by the Applicable Canadian Borrower at such date except any Inventory:

(a) which is not subject to a duly perfected and opposable Lien in favor of the Agent;

(b) which is subject to any Lien (including Liens permitted by Section 10.2.2) other than (i) a Lien in favor of the Agent and (ii) a Permitted Lien which does not have priority over the Lien in favor of the Agent (other than any bailee, warehouseman, landlord or similar non-consensual Liens having priority by operation of law to the extent either subclause (i) or (ii) of clauses (h) or (i) below of Canadian Eligible Inventory is satisfied with respect to the relevant Inventory); provided that, with respect to any tax Lien having such priority, eligibility of Inventory shall be reduced by the amount of such tax Lien having such priority;

(c) which is, in the Agent's Permitted Discretion, slow moving, obsolete, unmerchantable, defective, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the Ordinary Course of Business or unacceptable due to age, type, category and/or quantity;

(d) with respect to which any covenant, representation, or warranty contained in this Agreement has been breached or is not true in any material respect;

(e) which does not conform in all material respects to all standards imposed by any applicable Governmental Authority (except that any standard that is qualified as to "materiality" shall have been conformed to in all respects);

(f) which constitutes packaging and shipping material, manufacturing supplies, display items, bill-and-hold goods (other than bill-and-hold goods, the sale of which has been excluded from Canadian Eligible Accounts pursuant to clause (g)(v) of the definition thereof), returned or repossessed goods (other than goods that are undamaged and able to be resold in the Ordinary Course of Business), defective goods,

goods held on consignment, goods to be returned to the Applicable Canadian Borrower's suppliers or goods which are not of a type held for sale in the Ordinary Course of Business;

(g) which is not located in Canada or the United States or is not at a location listed on **Schedule 8.4.1** (as updated from time to time in accordance with the provisions hereof) other than goods in transit between locations of the Loan Parties;

(h) which is located, at any time after the Temporary Eligibility Period, in any location leased by the Applicable Canadian Borrower unless (i) the lessor has delivered to the Agent a Collateral Access Agreement or (ii) a Canadian Rent Reserve has been established by the Agent;

(i) which is located, at any time after the Temporary Eligibility Period, in any third party warehouse or is in the possession of a bailee, processor or other Person and is not evidenced by a Document, unless (i) such warehouseman, bailee, processor or other Person has delivered to the Agent a Collateral Access Agreement and/or such other documentation as the Agent may reasonably require or (ii) appropriate Canadian Availability Reserves have been established by the Agent in its Permitted Discretion;

(j) which is the subject of a consignment by the Applicable Canadian Borrower as consignor unless (i) a protective PPSA financing statement has been properly filed against the consignee (as assigned to the Agent), and (ii) there is a written agreement acknowledging that such Inventory is held on consignment, that the Applicable Canadian Borrower or retains title to such Inventory, that no Lien arising by, through or under such consignment has attached or will attach to such Inventory (and proceeds thereof) and requiring consignee to segregate the consigned Inventory from the consignee's other personal or movable property;

(k) which is perishable as determined in accordance with GAAP; or

(l) which contains or bears any intellectual property rights licensed to the Applicable Canadian Borrower unless the Agent is satisfied that it may sell or otherwise dispose of such Inventory without (i) infringing the rights of such licensor in any material respect or (ii) incurring any material liability with respect to payment of royalties other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement.

Subject to Sections 14.1 and 7.5 and the definition of Canadian Borrowing Base, the Agent may modify the foregoing criteria in its Permitted Discretion.

Canadian Employee Plan: any employee benefit plan, policy, program, agreement or arrangement, including retirement, pension, profit sharing, employment, bonus or other incentive compensation, retention, stock purchase, equity or equity-based compensation, deferred compensation, change in control, severance, sick leave, vacation, loans, salary continuation, hospitalization, health, life insurance, educational assistance or other fringe benefit or perquisite plan, policy, agreement which is or was sponsored, maintained or contributed to by, or required to be contributed to by, a Canadian Domiciled Loan Party, or with respect to which a Canadian

Domiciled Loan Party has, or could reasonably be expected to have, any obligation or liability, contingent or otherwise, but excluding the Canada Pension Plan, Quebec Pension Plan and any provincial or federal program providing health benefits, employment insurance or workers' compensation benefits.

Canadian Facility Collateral: Collateral that now or hereafter secures (or is intended to secure) any of the Canadian Facility Secured Obligations, including Property of the U.S. Domiciled Loan Parties pledged to secure their Secured Obligations under their guarantee of the Canadian Facility Secured Obligations.

Canadian Facility Guarantee: each guarantee agreement (including this Agreement) at any time executed by a Canadian Facility Guarantor in favor of the Agent guaranteeing all or any portion of the Canadian Facility Secured Obligations.

Canadian Facility Guarantor: each U.S. Borrower, each U.S. Facility Guarantor and each other Person (if any) who guarantees payment and performance of any Canadian Facility Secured Obligations.

Canadian Facility Loan Party: a Canadian Borrower or a Canadian Facility Guarantor.

Canadian Facility Obligations: all Obligations of the Canadian Facility Loan Parties (excluding, for the avoidance of doubt, the Obligations of the U.S. Domiciled Loan Parties as guarantors of any U.S. Facility Obligations).

Canadian Facility Secured Obligations: all Secured Obligations of the Canadian Facility Loan Parties.

Canadian Facility Secured Parties: Agent, any Canadian Fronting Bank, Canadian Lenders and Secured Bank Product Providers of Bank Products to Canadian Facility Loan Parties.

Canadian Fronting Bank: Bank of America (Canada) or any Affiliate thereof that agrees to issue Canadian Letters of Credit or, if reasonably acceptable to Loan Party Agent, any other Canadian Lender or Affiliate thereof that agrees to issue Canadian Letters of Credit.

Canadian Fronting Bank Indemnitees: any Canadian Fronting Bank and its officers, directors, employees, Affiliates and agents.

Canadian LC Application: an application by any Canadian Borrower on behalf of itself or any other Canadian Borrower to a Canadian Fronting Bank for issuance of a Canadian Letter of Credit, in form and substance reasonably satisfactory to such Canadian Fronting Bank.

Canadian LC Conditions: the following conditions necessary for issuance of a Canadian Letter of Credit: (a) each of the conditions set forth in Section 6 being satisfied or waived; (b) after giving effect to such issuance, total Canadian LC Obligations do not exceed the Canadian Letter of Credit Sublimit and no Canadian Overadvance exists or would result therefrom; (c) the expiration date of such Canadian Letter of Credit is (i) no more than 365 days from issuance (*provided* that each Canadian Letter of Credit may, upon the request of the Initial Canadian

Borrower, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of twelve (12) months or less (but no later than 20 Business Days prior to the Facility Termination Date)), and (ii) unless the Canadian Fronting Bank and the Agent otherwise consent (subject to the satisfaction of the Cash Collateral requirements set forth in Section 2.2.6), at least 20 Business Days prior to the Facility Termination Date; (d) the Canadian Letter of Credit and payments thereunder are denominated in Canadian Dollars or Dollars; (e) the form of the proposed Canadian Letter of Credit is reasonably satisfactory to the Agent and the applicable Canadian Fronting Bank; and (f) the proposed use of the Canadian Letter of Credit is for a lawful purpose.

Canadian LC Documents: all documents, instruments and agreements (including Canadian LC Requests and Canadian LC Applications) delivered by any Canadian Borrower or by any other Person to Canadian Fronting Bank or the Agent in connection with issuance, amendment or renewal of, or payment under, any Canadian Letter of Credit.

Canadian LC Obligations: with respect to the Applicable Canadian Borrower, the sum (without duplication) of (a) all amounts owing by such Applicable Canadian Borrower for any drawings under Canadian Letters of Credit; (b) the stated amount of all outstanding Canadian Letters of Credit issued for the account of such Applicable Canadian Borrower; and (c) all fees and other amounts owing with respect to such Canadian Letters of Credit.

Canadian LC Request: a request for issuance of a Canadian Letter of Credit, to be provided by a Canadian Borrower to Canadian Fronting Bank, in form reasonably satisfactory to Agent and Canadian Fronting Bank.

Canadian LC Reserve: with respect to the Applicable Canadian Borrower, the aggregate of all Canadian LC Obligations of such Applicable Canadian Borrower, other than (a) those that have been Cash Collateralized; and (b) if no Event of Default exists, those constituting charges owing to the Canadian Fronting Bank.

Canadian Lenders: Bank of America (Canada) and each other Lender that has issued a Canadian Revolver Commitment (*provided* that such Person or an Affiliate of such Person also has a U.S. Revolver Commitment).

Canadian Letter of Credit: any standby or documentary letter of credit issued by Canadian Fronting Bank for the account of a Canadian Borrower, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Agent or Canadian Fronting Bank for the benefit of a Canadian Borrower.

Canadian Letter of Credit Sublimit: Cdn$20,000,000.

Canadian Multi-Employer Plan: each multi-employer plan, within the meaning of the Regulations under the Income Tax Act (Canada).

Canadian Overadvance: as defined in Section 2.1.5.

Canadian Overadvance Loan: a Loan made to a Canadian Borrower when a Canadian Overadvance exists or is caused by the funding thereof.

Canadian Overadvance Loan Balance: on any date, the amount by which the aggregate Canadian Revolver Loans of the Applicable Canadian Borrower or all Canadian Borrowers, as the case may be, exceed the amount of the Canadian Borrowing Base of such Applicable Canadian Borrower or the Total Canadian Borrowing Base on such date.

Canadian Pension Plan: a "registered pension plan," as defined in the Income Tax Act (Canada) and any other pension plan maintained or contributed to by, or to which there is or may be an obligation to contribute by, any Loan Party in respect of its Canadian employees or former employees, excluding, for greater certainty, a Canadian Multi-Employer Plan.

Canadian Prime Rate: on any date, the highest of (i) 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 of America (Canada) as its "Prime Rate", (ii) 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 (iii) the sum of 1.00% *plus* the Canadian BA Rate for a 30 day Interest Period as determined on such day. The "Prime Rate" is a rate set by Bank of America (Canada) based upon various factors including the costs and desired return of Bank of America (Canada), general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate 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 Canadian Prime Rate hereunder shall be adjusted simultaneously with any change in the Canadian Prime Rate. In the event Bank of America (Canada) (including any successor or assignee) does not at any time announce a "Prime Rate", the clause (i) of Canadian Prime Rate shall mean the "Prime Rate" (being the rate for loans made in Canadian Dollars in Canada) publicly announced by a Canadian Schedule 1 Chartered Bank selected by Agent.

Canadian Prime Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian Prime Rate.

Canadian Priority Payables Reserve: on any date of determination, a reserve in such amount as Agent may determine in its Permitted Discretion which reflects amounts secured by any Liens, choate or inchoate, which rank or are capable of ranking in priority to the Agent's and/or the Secured Parties' Liens and/or for amounts which may represent costs relating to the enforcement of the Agent's Liens including, without limitation, in the Permitted Discretion 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* (Canada)), 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 *Income Tax Act* (Canada), amounts currently or past due and not paid for realty, municipal or similar taxes (to the extent impacting any Collateral), all amounts currently or past due and not contributed, remitted or paid to any Canadian Pension Plan or under the Canada Pension Plan or the PBA, and any amounts representing any unfunded liability, solvency deficiency or wind up deficiency with respect to any Canadian Employee Plan.

Canadian Protective Advances: as defined in Section 2.1.6(a).

Canadian Reimbursement Date: as defined in Section 2.2.5(a).

Canadian Rent Reserve: the aggregate of (a) all past due rent and other past due charges owing by any Canadian Borrower to any landlord or other Person who possesses any Canadian Facility Collateral or could assert a Lien on such Canadian Facility Collateral; plus (b) a reserve in an amount not to exceed rent and other charges that could be payable to any such Person for the time period used to determine the Net Orderly Liquidation Value.

Canadian Revolver Commitment: for any Canadian Lender, its obligation to make Canadian Revolver Loans and to issue Canadian Letters of Credit, in the case of the Canadian Fronting Bank, or participate in Canadian LC Obligations, in the case of the other Canadian Lenders, to the Canadian Borrowers up to the maximum principal amount shown on **Schedule 2.1.1(b)**, or as hereafter determined pursuant to each Assignment and Acceptance to which it is a party, as such Canadian Revolver Commitment may be adjusted from time to time in accordance with the provisions of Sections 2.1.4, 2.1.7 or 11.1. "Canadian Revolver Commitments" means the aggregate amount of such commitments of all Canadian Lenders.

Canadian Revolver Commitment Increase: as defined in Section 2.1.7(a).

Canadian Revolver Commitment Termination Date: the earliest of (a) the U.S. Revolver Commitment Termination Date (without regard to the reason therefor), (b) the date on which the Loan Party Agent terminates or reduces to zero all of the Canadian Revolver Commitments pursuant to Section 2.1.4, and (c) the date on which the Canadian Revolver Commitments are terminated pursuant to Section 11.1. From and after the Canadian Revolver Commitment Termination Date, the Canadian Borrowers shall no longer be entitled to request a Canadian Revolver Commitment Increase pursuant to Section 2.1.7 hereof.

Canadian Revolver Exposure: on any date, an amount equal to the sum of (a) the Canadian Revolver Loans outstanding on such date and (b) the Canadian LC Obligations on such date.

Canadian Revolver Loan: a Revolver Loan made by Canadian Lenders to a Canadian Borrower pursuant to Section 2.1.1(b), which Revolver Loan shall, if denominated in Canadian Dollars, be either a Canadian BA Rate Loan or a Canadian Prime Rate Loan and, if denominated in Dollars, shall be either a Canadian Base Rate Loan or a LIBOR Loan, in each case as selected by the Initial Canadian Borrower, and including any Canadian Swingline Loan, Canadian Overadvance Loan or Canadian Protective Advance.

Canadian Revolver Notes: the promissory notes, if any, executed by Canadian Borrowers in favor of each Canadian Lender to evidence the Canadian Revolver Loans funded from time to time by such Canadian Lender, which shall be in the form of **Exhibit C-1** to this Agreement, together with any replacement or successor notes therefor.

Canadian Schedule 1 Chartered Bank: any of Royal Bank of Canada, Bank of Montreal, The Toronto-Dominion Bank, The Bank of Nova Scotia or Canadian Imperial Bank of Commerce.

Canadian Security Agreement: this Agreement, each general security agreement and each Deed of Movable Hypothec among any Canadian Domiciled Loan Party and Agent.

Canadian Subsidiary: Wholly-Owned Subsidiary of MRC incorporated or organized under the laws of the Canada or any province or territory of Canada.

Canadian Swingline Commitment: Cdn$25,000,000.

Canadian Swingline Commitment Termination Date: with respect to any Canadian Swingline Loan, the date that is five Business Days prior to the Canadian Revolver Commitment Termination Date.

Canadian Swingline Lender: Bank of America (Canada) or an Affiliate of Bank of America (Canada).

Canadian Swingline Loan: a Swingline Loan made by the Canadian Swingline Lender to a Canadian Borrower pursuant to Section 2.1.8(b), which Swingline Loan shall, if denominated in Canadian Dollars, be a Canadian Prime Rate Loan and, if denominated in Dollars, shall be a Canadian Base Rate Loan, in each case as selected by the Initial Canadian Borrower.

Capital Lease: as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person.

Capitalized Lease Obligations: as applied to any Person, all obligations under Capital Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

Cash Collateral: cash or Permitted Investments (other than the Permitted Investments described in clauses (h) and (i) of the definition thereof), and any interest or other income earned thereon, that is delivered to Agent to Cash Collateralize any Secured Obligations.

Cash Collateral Account: the Canadian Cash Collateral Account and/or the U.S. Cash Collateral Account, as the context may require.

Cash Collateralize: the delivery of cash or Permitted Investments (other than the Permitted Investments described in clauses (h) and (i) of the definition thereof) to Agent, as security for the payment of Secured 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, contingent or other Secured Obligations, Agent's good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Secured Obligations. "Cash Collateralization" and "Cash Collateralized" have correlative meanings.

Cash Dominion Event: the occurrence of any one of the following events: (i) Excess Availability shall be less than the greater of (A) 10% of the Commitments or (B) $75,000,000 or (ii) (A) an Event of Default pursuant to Sections 11.1.1 or 11.1.5 shall have occurred and be continuing or (B) any other Event of Default pursuant to Section 11.1 shall have occurred and be continuing and the Agent or the Required Lenders shall have reasonably determined (by written notice to the Borrowers) to effect a Cash Dominion Event as a result of such breach; *provided*, that, to the extent that the Cash Dominion Event has occurred due to clause (i) of this definition, if Excess Availability shall have exceeded the greater of (x) 10% of the Commitments and (y) $75,000,000 for at least thirty (30) consecutive days, the Cash Dominion Event shall be deemed to be over. At any time that a Cash Dominion Event shall be deemed to be over or otherwise cease to exist, Agent shall take such actions as may reasonably be required by Loan Party Agent to terminate the cash sweeps and other transfers existing pursuant to Section 5.6 as a result of any notice or direction given by Agent during the existence of a Cash Dominion Event.

Cash Management Services: any services provided from time to time by any Lender or any of its Affiliates to any Borrower or Subsidiary 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, lockbox and stop payment services.

CCAA: *Companies' Creditors Arrangement Act* (Canada), (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Change in Law: the occurrence, after the date hereof, of (a) the adoption, taking effect or phasing in of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof; or (c) the making, issuance or application of any request, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

Change in Tax Law: the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (including the Code), treaty, regulation or rule (or in the official application or interpretation of any law, treaty, regulation or rule, including a holding, judgment or order by a court of competent jurisdiction) relating to taxation.

Change of Control: shall mean and be deemed to have occurred if (a) prior to a Qualified IPO, the Sponsor shall at any time not own, in the aggregate, directly or indirectly, beneficially and of record, at least 35% of the voting power of the outstanding Voting Stock of MRC; or (b) at any time on or after a Qualified IPO, any person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended), other than Sponsor, shall at any time have acquired direct or indirect beneficial ownership of both (x) 35% or more of the voting power of the outstanding Voting Stock of MRC and (y) more than the percentage of the voting power of such Voting Stock then beneficially owned, directly or indirectly, in the aggregate, by the Sponsor, unless, in the case of either clause (a) or (b) above, the Sponsor has, 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 MRC; or (c) Continuing Directors shall not constitute at least a majority of the board of directors of MRC.

Civil Code: the *Civil Code of Québec*, or any successor statute, as amended from time to time, and includes all regulations thereunder.

Claims: all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest and costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees (which shall be limited to the fees, disbursements and other charges of one primary counsel and one local counsel in each relevant jurisdiction for the Indemnitees (unless there is an actual or perceived conflict of interest or the availability of different claims or defenses in which case each such Indemnitee may retain its own counsel) and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, replacement of Agent or any Lender) incurred by any Indemnitee or asserted against any Indemnitee by any Loan Party or other Person, in any way relating to (a) any Loans, Letters of Credit, Loan Documents, or the use thereof or transactions relating thereto, (b) any action taken or omitted in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law or (e) failure by any Loan Party 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 Indemnitee is a party thereto.

Closing Date: as defined in Section 6.1.

Code: the Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder.

Collateral: all Property described in Section 7.1, all Property described in any Security Document as security for any Secured Obligation, and all other Property that now or hereafter secures (or is intended to secure) any Secured Obligations.

Collateral Access Agreement: a landlord waiver, bailee letter, warehouse letter, agreement regarding processing arrangements or other access agreement reasonably acceptable to the Agent.

Commitment: for any Lender, the aggregate amount of such Lender's Borrower Group Commitments. "Commitments" means the aggregate amount of all Borrower Group Commitments, which amount shall on the Closing Date be equal to the sum of (a) Cdn$150,000,000 in respect of the Canadian Revolver Commitments and (b) $900,000,000 in respect of the U.S. Revolver Commitments.

Commodity Agreement: any commodity swap agreement, futures contract, option contract or other similar agreement or arrangement, each of which is for the purpose of hedging the commodity price exposure associated with any Borrower's and its Subsidiaries' operations and not for speculative purposes.

Compliance Certificate: a certificate, in the form of **Exhibit D** with such changes as may be agreed to by Loan Party Agent and Agent, by which the Borrowers certify to the matters set forth in Section 10.1.1(e).

Confidential Information Memorandum: the Confidential Information Memorandum of the Borrowers dated May 2011, delivered to the Lenders in connection with this Agreement, and the financial statements and other attachments delivered to the Lenders in connection therewith.

Consolidated EBITDA: shall mean, for any period, Consolidated Net Income for such period, *plus*:

(a) without duplication and to the extent already deducted (and not added back) in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(i) total interest expense and to the extent not reflected in such total interest expense, any losses on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains on such hedging obligations, and costs of surety bonds in connection with financing activities,

(ii) provision for taxes based on income, profits or capital of the Borrowers and the Restricted Subsidiaries, including state, franchise and similar taxes and foreign withholding taxes paid or accrued during such period,

(iii) depreciation and amortization,

(iv) (a) losses on asset sales (other than asset sales in the Ordinary Course of Business), disposals or abandonments, (b) any impairment charge or asset write-off related to intangible assets (including good-will), long-lived assets, and investments in debt and equity securities pursuant to GAAP, (c) all losses from investments recorded using the equity method, (d) stock-based awards compensation expense, and (e) other non-cash charges (provided that if any non-cash charges referred to in this clause (e) 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 EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period),

(v) extraordinary losses and unusual or non-recurring charges, severance, relocation costs and curtailments or modifications to pension and post-retirement employee benefit plans,

(vi) restructuring charges or reserves (including restructuring costs related to acquisitions after the date hereof and to closure and/or consolidation of facilities),

(vii) any deductions attributable to minority interests (including the minority interest portion of the Initial Canadian Borrower's employee profit sharing plans),

(viii) the amount, if any, of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsor,

(ix) LIFO expense, and

(x) any costs or expenses incurred by any Borrower or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of any Borrower or net cash proceeds of an issuance of Stock or Stock Equivalents of any Borrower, *less*

(b) without duplication and to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(i) extraordinary gains and unusual or non-recurring gains,

(ii) non-cash gains (excluding any non-cash gain to the extent it represents the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income in any prior period),

(iii) gains on asset sales (other than asset sales in the Ordinary Course of Business),

(iv) any net after-tax income from the early extinguishment of Indebtedness or hedging obligations or other derivative instruments,

(v) LIFO income, and

(vi) all gains from investments recorded using the equity method,

in each case, as determined on a consolidated basis for the Borrowers and the Restricted Subsidiaries in accordance with GAAP; *provided* that, to the extent included in Consolidated Net Income,

(A) there shall be excluded in determining Consolidated EBITDA currency translation gains and losses related to currency remeasurements of Indebtedness or intercompany balances (including the net loss or gain resulting from Hedge Agreements for currency exchange risk),

(B) there shall be excluded in determining Consolidated EBITDA for any period any adjustments resulting from the application of Statement of Financial Accounting Standards No. 133, and

(C) there shall be included in determining Consolidated EBITDA for any period, without duplication, (1) the Acquired EBITDA of any Person, property, business or asset acquired by any Borrower or any Restricted Subsidiary during such period to the extent not subsequently sold, transferred, abandoned or otherwise disposed by such Borrower or such Restricted Subsidiary (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business") and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted

Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion), (2) an adjustment in respect of each Acquired Entity or Business equal to the amount of the Pro Forma Adjustment with respect to such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) as specified in a Pro Forma Adjustment Certificate and delivered to the Lenders and the Agent, and (3) there shall be excluded in determining Consolidated EBITDA for any period the Disposed EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred, abandoned or otherwise disposed of, closed or classified as discontinued operations by any Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business"), and the Acquired EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a "Converted Unrestricted Subsidiary") based on the actual Disposed EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition or conversion).

Consolidated Fixed Charge Coverage Ratio: for any Test Period, the ratio of (a) Consolidated EBITDA for such Test Period to (b) Consolidated Fixed Charges for such Test Period.

Consolidated Fixed Charges: for any period, the sum, without duplication, of (a) Consolidated Interest Expense, (b) scheduled payments of principal on Consolidated Total Debt, (c) the aggregate of all unfinanced capital expenditures of Borrowers and their respective Restricted Subsidiaries during such period determined on a consolidated basis and (d) the portion of taxes attributable to Borrowers and their respective Restricted Subsidiaries based on income actually paid in cash and provisions for cash income taxes.

Consolidated Interest Expense: for any period, the sum of (i) the cash interest expense (including that attributable to Capital Leases in accordance with GAAP), net of cash interest income, of the Borrowers and the Restricted Subsidiaries on a consolidated basis in accordance with GAAP with respect to all outstanding Indebtedness of the Borrowers and the Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements (other than currency swap agreements, currency future or option contracts and other similar agreements) and (ii) any cash payments made during such period in respect of obligations referred to in clause (b) below relating to Funded Debt that were amortized or accrued in a previous period (other than any such obligations resulting from the discounting of Indebtedness in connection with the application of purchase accounting in connection with any Permitted Acquisition), but excluding, however, (a) amortization of deferred financing costs and any other amounts of non-cash interest, (b) the accretion or accrual of discounted liabilities during such period, and (c) all non-recurring cash interest expense consisting of liquidated damages for failure to timely comply with registration rights obligations and financing fees, all as calculated on a consolidated basis in accordance with GAAP and excluding, for the avoidance of doubt, any interest in respect of items excluded from Indebtedness in the proviso to the definition thereof, provided that (x) except as provided in clause (y) below, there shall be excluded from Consolidated Interest Expense for any period the cash interest expense (or cash interest income) of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Interest Expense, (y) there shall be included in determining Consolidated Interest Expense for any period the cash interest expense (or income) of any Acquired Entity or Business acquired during such period and of any Converted Restricted Subsidiary converted during such period, in each case based on the cash interest expense (or income) of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) assuming any Indebtedness incurred or repaid in connection with any such acquisition or conversion had been incurred or prepaid on the first day of such period, and (z) there shall be excluded from determining Consolidated Interest Expense for any period the cash interest expense (or income) of any Sold Entity or Business disposed of during such period, based on the cash interest expense (or income) relating to any Indebtedness relieved, retired or repaid in connection with any such disposition of such Sold Entity or Business for such period (including the portion thereof occurring prior to such disposal) assuming such debt relieved, retired or repaid in connection with such disposition had been relieved, retired or repaid on the first day of such period. Notwithstanding the foregoing, for purposes of determining Consolidated Interest Expense for any period prior to the first anniversary of the Closing Date, the monthly Consolidated Interest Expense shall be as set forth on **Schedule 1.1(a)**.

Consolidated Net Income: for any period, the net income (loss) of the Borrowers and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding, without duplication, (a) extraordinary items for such period, (b) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income, (c) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, investment, recapitalization, asset disposition, issuance or repayment of debt, issuance of equity securities, refinancing transaction or amendment or other modification of any debt instrument (in each case, including any such transaction consummated prior to the Closing Date and 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 and (d) any income (loss) for such period attributable to the early extinguishment of Indebtedness. There shall be excluded from Consolidated Net Income for any period the purchase accounting effects of adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Borrower and the Restricted Subsidiaries), as a result of any acquisition whether consummated before or after the Closing Date, any Permitted Acquisition or other Investment, or the amortization or write-off of any amounts hereof.

Consolidated Secured Debt: as of any date of determination, (a) the aggregate principal amount of Indebtedness of the Borrowers and the Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any Permitted Acquisition), consisting of Indebtedness for borrowed money, Capitalized Lease Obligations and debt obligations evidenced by promissory notes or similar instruments, in each case secured by Liens, minus (b) the aggregate amount of cash and

Permitted Investments held in accounts on the consolidated balance sheet of the Borrowers and the Restricted Subsidiaries as at such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which any Borrower or any of the Restricted Subsidiaries is a party.

Consolidated Total Assets: as of any date of determination, the amount that would, in conformity with GAAP, be set forth opposite the caption "total assets" (or any like caption) on a consolidated balance sheet of the Borrowers and the Restricted Subsidiaries at such date.

Consolidated Total Debt: as of any date of determination, (a) the aggregate principal amount of Indebtedness of the Borrowers and the Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any Permitted Acquisition), consisting of Indebtedness for borrowed money, Capitalized Lease Obligations and debt obligations evidenced by promissory notes or similar instruments, minus (b) the aggregate amount of cash and Permitted Investments held in accounts on the consolidated balance sheet of the Borrowers and the Restricted Subsidiaries as at such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which any Borrower or any of the Restricted Subsidiaries is a party.

Consolidated Total Debt to Consolidated EBITDA Ratio: as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 to (b) Consolidated EBITDA for such Test Period.

Continuing Director: at any date, an individual (a) who is a member of the board of directors of MRC on the date hereof, (b) who, as at such date, has been a member of such board of directors for at least the twelve preceding months, (c) who has been nominated to be a member of such board of directors, directly or indirectly, by Sponsor or Persons nominated by Sponsor or (d) who has been nominated to be a member of such board of directors by a majority of the other Continuing Directors then in office.

Converted Restricted Subsidiary: as defined in the term "Consolidated EBITDA".

Converted Unrestricted Subsidiary: as defined in the term "Consolidated EBITDA".

Cost: with respect to Inventory, the weighted average cost thereof, as determined in the same manner and consistent with the most recent Inventory Appraisal which has been received and approved by Agent in its reasonable discretion.

Credit Documents: the Loan Documents and the Bank Product Documents.

Credit Party: Agent, a Lender or any Fronting Bank; and "Credit Parties" means Agent, Lenders and Fronting Banks.

Creditor Representative: under any Applicable Law, a receiver, interim receiver, receiver and manager, trustee (including any trustee in bankruptcy), custodian, conservator, administrator, examiner, sheriff, monitor, assignee, liquidator, provisional liquidator, sequestrator or similar officer or fiduciary.

Currency Agreement: any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement or arrangement, each of which is for the purpose of hedging the foreign currency risk associated any Borrower's and its Subsidiaries' operations and not for speculative purposes.

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), 2.00% *plus* the interest rate otherwise applicable thereto, or if such Obligation does not bear interest, a rate equal to the U.S. Base Rate *plus* 2.00%.

Defaulting Lender: any Lender that, as reasonably determined by the Agent, (a) has failed to perform any funding obligations hereunder, and such failure is not cured within three Business Days, unless such Lender notifies the Agent and the Loan Party Agent in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable Default, if any, shall be specifically identified in such writing) have not been satisfied; (b) has notified the Agent or any Borrower that such Lender does not intend to comply with its funding obligations hereunder or has made a public statement to the effect that it does not intend to comply with its funding obligations hereunder or generally under other credit facilities (unless such notice or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding cannot be satisfied); (c) has failed, within three Business Days following written request by the Agent, to confirm in a manner reasonably satisfactory to the Agent that such Lender will comply with its funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt by the Agent of such confirmation); or (d) has, or has a direct or indirect parent company that has, become the subject of an Insolvency Proceeding or taken any action in furtherance thereof; provided, however, that a Lender shall not be a Defaulting Lender solely by virtue of a Governmental Authority's ownership of an equity interest in such Lender or parent company.

Deposit Account: (i) any "deposit account" as such term is defined in Article 9 of the UCC and in any event shall include all accounts and sub-accounts relating to any of the foregoing and (ii) with respect to any such Deposit Account located in Canada, any bank account with a deposit function.

Deposit Account Control Agreements: the deposit account control agreements, in form and substance reasonably satisfactory to Agent and Loan Party Agent, executed by each lockbox servicer and financial institution maintaining a lockbox and/or Deposit Account other than an Excluded Deposit Account for a Loan Party, in favor of Agent, for the benefit of the Secured Parties, as security for the Secured Obligations.

Designated Non-Cash Consideration: the fair market value of non-cash consideration received by any Borrower or a Restricted Subsidiary in connection with a Disposition pursuant to Section 10.2.4(b) and Section 10.2.4(c) that is designated as Designated Non-Cash Consideration pursuant to a certificate of a Senior Officer of the Loan Party Agent, setting forth the basis of such valuation (which amount will be reduced by the fair market value of the portion of the non-cash consideration converted to cash within 180 days following the consummation of the applicable Disposition).

Disposed EBITDA: with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of Consolidated EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary (determined as if references to the Borrowers and the Restricted Subsidiaries in the definition of Consolidated EBITDA were references to such Sold Entity or Business or Converted Unrestricted Subsidiary and its Subsidiaries), all as determined on a consolidated basis for such Sold Entity or Business or Converted Unrestricted Subsidiary.

Disposition: as defined in Section 10.2.4(b).

dividends: as defined in Section 10.2.6.

Document: as defined in the UCC (and/or with respect to any Document of a Canadian Domiciled Loan Party, a “document of title” as defined in the PPSA).

Dollar Equivalent: on any date, with respect to any amount denominated in Dollars, such amount in Dollars, and with respect to any stated amount in a currency other than Dollars, the amount of Dollars that Agent determines (which determination shall be conclusive and binding absent manifest error) would be necessary to be sold on such date at the applicable Exchange Rate to obtain the stated amount of the other currency.

Dollars or $: lawful money of the United States.

Domestic Subsidiary: in the case of a Canadian Borrower, each Canadian Subsidiary, and in the case of a U.S. Borrower, each U.S. Subsidiary.

Dominion Account: with respect to the Canadian Domiciled Loan Parties, the Canadian Dominion Account, and with respect to the U.S. Facility Loan Parties, the U.S. Dominion Account.

Eligible Accounts: the Canadian Eligible Accounts and/or the U.S. Eligible Accounts, as the context requires.

Eligible Assignee: subject to the requirements of Section 13.3.3, a Person that is (a) a Lender or a U.S.-based Affiliate of a Lender, (b) if such Person is to hold U.S. Facility Obligations, an Approved Fund; (c) if such Person is to hold Canadian Facility Obligations, a Person who holds or is acquiring, or whose Affiliate holds or is acquiring, a U.S. Revolver Commitment; (d) any other financial institution approved by Agent and Loan Party Agent (which approval by Loan Party Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within five Business Days after notice of the proposed assignment), that is organized under the laws of the United States or Canada or any state or district thereof, extends asset-based lending facilities in its Ordinary Course of Business and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or any other Applicable Law, or would, immediately following any such assignment, result in increased costs or Taxes payable by the Loan Parties pursuant to Section 5.8; and (e) during any Event of Default, any Person acceptable to Agent in its discretion, which acceptance shall not be unreasonably withheld or delayed.

Eligible Inventory: the Canadian Eligible Inventory and/or the U.S. Eligible Inventory, as the context requires.

Enforcement Action: any action to enforce any Obligations or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff or recoupment, exercise of any right or vote to act in a Loan Party's Insolvency Proceeding, or otherwise).

Environment: shall mean ambient air, indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources or as otherwise defined in any Environmental Law.

Environmental Claims: any and all actions, suits, orders, decrees, demands, demand letters, claims, liens, notices of noncompliance, violation or potential responsibility or investigation (other than internal reports prepared by any Borrower or any of the Subsidiaries (a) in the ordinary course of such Person's business or (b) as required in connection with a financing transaction or an acquisition or disposition of real estate) or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law, including, (i) any and all such claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all such claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief relating to the presence, release or threatened release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to human exposure to Hazardous Materials), or the environment including, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands.

Environmental Law: any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code and rule of common law now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of environment, including, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to human exposure to Hazardous Materials), or Hazardous Materials.

ERISA: the Employee Retirement Income Security Act of 1974.

ERISA Affiliate: any trade or business (whether or not incorporated) under common control with a Loan Party or treated as a single employer with a Loan Party, in each case within the meaning of Section 414 of the Code.

Event of Default: as defined in Section 11.1.

Excess Availability: at any time, an amount equal to (a) the lesser of (i) the Commitments *minus* all LC Obligations and (ii) the sum of the (1) U.S. Borrowing Base as of any date of determination and (2) Total Canadian Borrowing Base as of any date of determination, *minus* (b) the principal balance of all Revolver Loans.

Exchange Rate: on any date, (a) with respect to Canadian Dollars in relation to Dollars, the spot rate as quoted by Bank of America as its noon spot rate at which Dollars are offered on such date for Canadian Dollars, and (b) with respect to Dollars in relation to Canadian Dollars, the spot rate as quoted by Bank of America as its noon spot rate at which Canadian Dollars are offered on such date for such Dollars

Excluded Deposit Accounts: (a) Deposit Accounts that are zero balance disbursement accounts, (b) Deposit Accounts used solely to fund payroll, payroll taxes and similar employment taxes or employee benefits in the Ordinary Course of Business, (c) other Deposit Accounts with an amount on deposit of less than $1,000,000 at any time in the aggregate for all such Deposit Accounts and (d) the Net Available Cash Account.

Excluded Loan Party: (a) each Loan Party that is a “controlled foreign corporation” within the meaning of Section 957 of the Code; (b) any direct or indirect Subsidiary of a Person described in clause (a) of this definition; and (c) any U.S. Subsidiary, substantially all of the assets of which are Stock of one or more “controlled foreign corporations” within the meaning of Section 957 of the Code.

Excluded Subsidiary: (a) each U.S. Subsidiary listed on **Schedule 9.1.12** hereto as an Excluded Subsidiary, (b) any Subsidiary that is not a Wholly-Owned Subsidiary, (c) any Subsidiary that is prohibited by any applicable Requirement of Law from guaranteeing the Secured Obligations, (d) in respect of the U.S. Domiciled Loan Parties, (i) any Subsidiary of a non-U.S. Subsidiary (that is a “controlled foreign corporation” within the meaning of Section 957 of the Code) and (ii) any U.S. Subsidiary, substantially all of the assets of which are Stock of one or more “controlled foreign corporations” within the meaning of Section 957 of the Code, (e) any Restricted Subsidiary acquired pursuant to a Permitted Acquisition financed with secured Indebtedness incurred pursuant to Section 10.2.1(b)(ix) or Section 10.2.1(b)(x) and each Restricted Subsidiary thereof that guarantees such Indebtedness to the extent and so long as the financing documentation relating to such Permitted Acquisition to which such Restricted Subsidiary is a party prohibits such Restricted Subsidiary from guaranteeing, or granting a Lien on any of its assets to secure, the Secured Obligations; provided that after such time that such prohibitions on guarantees or granting of Liens lapses or terminates, such Restricted Subsidiary shall no longer be an Excluded Subsidiary, (f) any other Subsidiary with respect to which, in the reasonable judgment of the Agent (confirmed in writing by notice to the applicable Borrower), the cost or other consequences (including any adverse tax consequences) of providing a Guarantee shall be excessive in view of the benefits to be obtained by the Lenders therefrom, (g) each Unrestricted Subsidiary and (h) any Restricted Subsidiary that the Loan Party Agent elects by notice to the Agent to treat as an Excluded Subsidiary pursuant to this clause (h), *provided* that (i) any such Restricted Subsidiary shall cease to be so treated as an Excluded Subsidiary pursuant to this clause (h) upon written notice from the Loan Party Agent to the Agent, and (ii) at any time, the total assets of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (h), as reflected on their most recent balance sheets prepared in accordance with GAAP, do not in the aggregate at any time exceed $1,000,000, and (iii) the total revenues of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (h) for the twelve-month period ending on the last day of the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 do not in the aggregate exceed $5,000,000.

Excluded Tax: with respect to Agent, any Lender, any Fronting Bank or any other recipient of a payment to be made by or on behalf of any Loan Party on account of any Obligation, (a) taxes imposed on or measured by its net income (however denominated), and franchise taxes imposed on it (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or (ii) as the result of any other present or former connection between such recipient and the jurisdiction imposing such tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document); (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which such recipient has a branch; (c) in the case of a Foreign Lender (within the meaning of clause (b) of the definition thereof), any United States withholding tax that is imposed on amounts payable to such Foreign Lender pursuant to laws in force at the time such Foreign Lender becomes a Lender (or designates a new Lending Office) hereunder, or any additional United States withholding tax that is imposed on amounts payable to a Foreign Lender after the time such Foreign Lender becomes a Lender (or designates a new Lending Office) hereunder, except that taxes in this clause (c) shall not include (i) additional United States withholding tax that may be imposed on amounts payable to a Foreign Lender after the time such Foreign Lender becomes a party to the Agreement (or designates a new Lending Office), as a result of a Change in Tax Law after such time and (ii) any amount with respect to United States withholding tax that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 5.8 of this Agreement, if any, with respect to such United States withholding tax at the time such Foreign Lender designates a new Lending Office (or at the time of the assignment); (d) any United States withholding tax imposed under FATCA, or (e) any withholding tax that is attributable to such recipient's failure or inability (other than as a result of a Change in Tax Law) to comply with Section 5.9.

Existing Canadian Credit Agreement: that certain Amended and Restated Loan and Security Agreement dated as of November 18, 2009, among the Initial Canadian Borrower, Mega Production Testing Inc. and Hagan Oilfield Supply Ltd., as guarantors, the lenders party thereto and Bank of America, N.A. (acting through its Canada branch), as agent for such lenders.

Existing Letters of Credit: the letters of credit set forth on **Schedule 1.1(b)**.

Existing U.S. Credit Agreement: that certain Revolving Loan Credit Agreement dated as of October 31, 2007, among MRC, as borrower, the lenders party thereto, The CIT Group/Business Credit, Inc., as administrative agent and co-collateral agent for such lenders and the other agents and parties referred to therein, as amended by that certain First Amendment to Revolving Loan Credit Agreement dated as of December 21, 2009.

Extraordinary Expenses: all costs, expenses or advances that Agent may incur during an Event of Default, or during the pendency of any Insolvency Proceeding of any Borrower or any Specified Subsidiary, 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 Loan Party, any representative of creditors of any Loan Party or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit 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; and (g) Protective Advances. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Loan Party or independent contractors in liquidating any Collateral, travel expenses and legal fees (which shall be limited to the reasonable fees, disbursements and other charges of one primary counsel and one local counsel in each relevant jurisdiction for the Agent and the Lenders (unless there is an actual or perceived conflict of interest or the availability of different claims or defenses in which case the Agent may retain its own counsel).

Facility Termination Date: June 14, 2016.

FATCA: Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended version that is substantively comparable), and any current or future regulations or official interpretations thereof.

FCCR Test Event: the occurrence of any one of the following events: (i) Excess Availability shall be less than the greater of (A) 10% of the Commitments or (B) $75,000,000 or (ii) an Event of Default shall have occurred and be continuing; *provided*, that, to the extent that the FCCR Test Event has occurred due to clause (i) of this definition, if Excess Availability shall have exceeded the greater of (x) 10% of the Commitments and (y) $75,000,000 for at least thirty (30) consecutive days, the FCCR Test Event shall be deemed to be over.

Federal Funds Rate: (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business

Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Agent.

Fee Letter: collectively, (a) the fee letter agreement among Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, MRC and the Initial Canadian Borrower dated as of April 29, 2011, (b) the fee letter agreement among Barclays Capital, the investment banking division of Barclays Bank PLC, MRC and the Initial Canadian Borrower dated as of April 29, 2011 and (c) the fee letter agreement among Wells Fargo Capital Finance, LLC, MRC and the Initial Canadian Borrower dated as of April 29, 2011.

Financial Administration Act: Financial Administration Act (*Canada*) and all regulations and schedules thereunder.

Floating Rate Loan: a U.S. Base Rate Loan, a Canadian Prime Rate Loan or a Canadian Base Rate Loan.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: a Lender that is (a) in the case of the Canadian Borrowers, resident in a jurisdiction other than Canada or a province or territory thereof, and (b) in the case of the U.S. Borrowers, not a “United States person” within the meaning of section 7701(a)(30) of the Code.

Foreign Plan: any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by a Borrower or any of its Subsidiaries with respect to employees employed outside the United States or Canada.

Foreign Subsidiary: a Subsidiary of a Borrower that is not a Domestic Subsidiary.

Fronting Bank: a U.S. Fronting Bank and/or the Canadian Fronting Bank, as the context requires.

Fronting Bank Indemnitees: U.S. Fronting Bank Indemnitees and/or Canadian Fronting Bank Indemnitees, as the context requires.

FSCO: The Financial Services Commission of Ontario or like body in Canada or in any other province or territory or jurisdiction of Canada with whom a Canadian Pension Plan is required to be registered in accordance with Requirements of Law and any other Governmental Authority succeeding to the functions thereof.

Full Payment: with respect to any Obligations (other than unasserted contingent indemnity claims), (a) the full cash payment thereof in the applicable currency required hereunder, including any interest and documented fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are LC Obligations, Bank Product Debt 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 Loan Parties against Agent, Lenders and any Fronting 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.

Funded Debt: all consolidated indebtedness of the Borrowers and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of any Borrower or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrowers, Indebtedness in respect of the Loans.

GAAP: generally accepted accounting principles in effect in the United States, from time to time, applied consistently, subject to Section 1.2 hereof; *provided* that capital leases and operating leases shall be subject to generally accepted accounting principles in effect in the United States on the date hereof.

General Intangibles: as defined in the UCC (and/or with respect to any General Intangible of a Canadian Facility Loan Party, an "intangible" as defined in the PPSA).

Governmental Approval: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, provincial, 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, in each case whether it is or is not associated with the United States, a state, district or territory thereof, Canada, a province or territory thereof or any other foreign entity or government.

Guarantee: each guarantee agreement (including this Agreement) executed by a Guarantor in favor of Agent guaranteeing all or any portion of the Canadian Facility Secured Obligations or the U.S. Facility Secured Obligations.

Guarantee Obligations: as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; *provided*, however, that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the Ordinary Course of Business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

Guarantor Payment: as defined in Section 5.10.3(b).

Guarantors: Canadian Facility Guarantors, U.S. Facility Guarantors, and each other Person who guarantees payment or performance of any Secured Obligations.

Hazardous Materials: (a) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous waste”, “hazardous materials”, “extremely hazardous waste”, “restricted hazardous waste”, “toxic substances”, “toxic pollutants”, “contaminants”, or “pollutants”, or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, which is prohibited, limited or regulated by any Environmental Law.

Hedge Agreement: an Interest Rate Agreement, Currency Agreement or Commodity Agreement entered into in the ordinary course of any Borrower’s or any of its Subsidiaries’ businesses.

Historical Financial Statements: as of the Closing Date, (a) the audited consolidated financial statements of the Parent and its Subsidiaries for the fiscal year ended December 31, 2010, (b) the unaudited financial statements of the Parent and its Subsidiaries for the fiscal quarter ended March 31, 2011 and (c) the unaudited financial statements of the Parent and its Subsidiaries for the fiscal month ended April 30, 2011.

Increase Date: as defined in Section 2.1.7(a).

Indebtedness: with respect to any Person shall mean (a) all indebtedness of such Person for borrowed money, (b) the deferred purchase price of assets or services that in accordance with GAAP would be included as liabilities in the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (d) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed, (e) all Capitalized Lease Obligations of such Person, (f) all obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements and (g) without duplication, all Guarantee Obligations of such Person, provided that Indebtedness shall not include (i) trade payables and accrued expenses, in each case payable directly or through a bank clearing arrangement and arising in the Ordinary Course of Business, (ii) deferred or prepaid revenue, (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller and (iv) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the Ordinary Course of Business.

Indemnified Taxes: Taxes other than Excluded Taxes and Other Taxes.

Indemnitees: Agent Indemnitees, Lender Indemnitees, Fronting Bank Indemnitees and Bank of America Indemnitees.

Information: as defined on Section 14.12.

Initial Canadian Borrower: as defined in the preamble to this Agreement.

Initial U.S. Borrowers: as defined in the preamble to this Agreement.

Insolvency Proceeding: any case or proceeding or proposal commenced by or against a Person under any state, provincial, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the U.S. Bankruptcy Code, or any other insolvency, debtor relief, bankruptcy, receivership, debt adjustment law or other similar law (whether state, provincial, federal or foreign), including the Bankruptcy and Insolvency Act (Canada) and the CCAA; (b) the appointment of a Creditor Representative or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

Insurance Assignment: each collateral assignment of insurance pursuant to which a Loan Party assigns to the Agent, for the benefit of the Secured Parties, such Loan Party's rights under business interruption policies, as security for the Secured Obligations.

Intercreditor Agreement: that certain Second Amended and Restated Intercreditor Agreement dated as of December 21, 2009, among MRC, certain of its subsidiaries, The CIT Group/Business Credit, Inc., as co-collateral agent for the Revolving Credit Lenders (as defined therein), Bank of America, N.A., as co-collateral agent for the Revolving Credit Lenders, and U.S. Bank National Association, as collateral trustee for itself and the Senior Secured Notes Secured Parties (as defined therein), the Additional Senior Secured Notes Secured Parties (as defined therein) and the Subordinated Lien Secured Parties (as defined therein), as the same may be amended, supplemented or otherwise modified from time to time.

Interest Period: as defined in Section 3.1.4.

Interest Period Loan: a LIBOR Loan or a Canadian BA Rate Loan.

Interest Rate Agreement: any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is for the purpose of hedging the interest rate exposure associated with any Borrower's and its Subsidiaries' operations and not for speculative purposes.

Inventory: as defined in the UCC or the PPSA, as applicable, including all goods 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 otherwise used or consumed in a Borrower's business (but excluding Equipment).

Inventory Appraisal: (a) on the Closing Date, the appraisals prepared by HILCO Appraisal Services, LLC dated February 25, 2011 for the U.S. Borrowers and dated May 6, 2011 for the Initial Canadian Borrower and (b) thereafter, the most recent inventory appraisal conducted by an independent appraisal firm and delivered pursuant to Section 10.1.15 hereof.

Investment: for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of Stock, Stock Equivalents, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such advance, loan or extension of credit having a term not exceeding 364 days arising in the Ordinary Course of Business; or (c) the entering into of any guarantee of, or other contingent obligation with respect to, Indebtedness.

IRS: the United States Internal Revenue Service.

Joint Lead Arrangers: Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, the investment banking division of Barclays Bank PLC, and Wells Fargo Capital Finance, LLC.

LC Document: any of the Canadian LC Documents or the U.S. LC Documents.

LC Obligations: U.S. LC Obligations and/or Canadian LC Obligations, as the context requires.

Lender Indemnitees: Lenders, Affiliates of Lenders and their respective officers, directors, members, partners, employees and agents.

Lenders: as defined in the preamble to this Agreement, including the Agent in its capacity as U.S. Swingline Lender, the Canadian Swingline Lender, the U.S. Lenders and the Canadian Lenders and their respective permitted successors and assigns and, where applicable, any Fronting Bank, and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance.

Lending Office: the office designated as such by the Applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Loan Party Agent.

Letter-of-Credit Right: as defined in the UCC, and in any event shall mean a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment of performance.

Letters of Credit: the U.S. Letters of Credit and/or the Canadian Letters of Credit, as the context requires.

LIBOR: for any Interest Period with respect to a LIBOR Loan, the per annum rate of interest (rounded up, if necessary, to the nearest 1/8th of 1%), determined by Agent at approximately 11:00 a.m. (London time) two Business Days prior to commencement of such Interest Period, for a term comparable to such Interest Period, equal to (a) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source designated by Agent); or (b) if BBA LIBOR is not available for any reason, the interest rate at which Dollar deposits in the approximate amount of the LIBOR Loan would be offered by Bank of America's London branch to major banks in the London interbank Eurodollar market. If the Board of Governors imposes a Reserve Percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by 1 *minus* the Reserve Percentage.

LIBOR Loan: each set of LIBOR Revolver Loans having a common length and commencement of Interest Period.

LIBOR Revolver Loan: a Revolver Loan that bears interest based on LIBOR; *provided, however*, that a Canadian Base Rate Loan bearing interest as set forth in clause (c) of the definition of Canadian Base Rate, or a U.S. Base Rate Loan bearing interest as set forth in clause (c) of the definition of U.S. Base Rate, shall not constitute a LIBOR Revolver Loan.

Lien: any mortgage, pledge, security interest, hypothecation, assignment, statutory trust, deemed trust, privilege, lien or similar encumbrance, whether statutory, based on common law, contract or otherwise, and including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any reservation of ownership or any lease in the nature thereof.

Loan: a Revolver Loan.

Loan Account: as defined in Section 5.7.1.

Loan Documents: this Agreement, the Other Agreements and the Security Documents.

Loan Parties: the Canadian Facility Loan Parties and the U.S. Facility Loan Parties, collectively, and "Loan Party" means any of the Loan Parties, individually.

Loan Party Agent: as defined in Section 4.4.

Loan Party Group: a group consisting of (a) Canadian Facility Loan Parties or (b) U.S. Facility Loan Parties.

Loan Party Group Obligations: with respect to the Canadian Borrower Group and the other Canadian Facility Loan Parties, the Canadian Facility Obligations, and with respect to the U.S. Borrower Group and the other U.S. Facility Loan Parties, U.S. Facility Obligations.

Material Adverse Change: any event or circumstance which has resulted or is reasonably likely to result in a material adverse change in the business, assets, operations, properties or financial condition of MRC and its Subsidiaries, taken as a whole or that would materially adversely affect the ability of the Loan Parties, taken as a whole, to perform their respective payment obligations under this Agreement or any of the other Loan Documents.

Material Adverse Effect: a circumstance or condition affecting the business, assets, operations, properties or financial condition of MRC and its Subsidiaries, taken as a whole, that would materially adversely affect (a) the business, assets, operations, properties, or financial condition of the Borrowers and their Subsidiaries, taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to perform their respective payment obligations under this Agreement or any of the other Loan Documents or (c) the rights and remedies of the Agent and the Lenders under this Agreement or any of the other Loan Documents.

Material Subsidiary: at any date of determination, each Restricted Subsidiary of MRC (a) whose total assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements have been delivered pursuant to Section 10.1.1 were equal to or greater than 5% of the Consolidated Total Assets of MRC and its Restricted Subsidiaries at such date or (b) whose gross revenues for such Test Period were equal to or greater than 5% of the consolidated gross revenues of MRC and its Restricted Subsidiaries for such period, in each case determined in accordance with GAAP.

Maximum Canadian Facility Amount: on any date of determination, the lesser of (a) the Canadian Revolver Commitments on such date and (b) Cdn$150,000,000 (or such greater or lesser amount after giving effect to any reductions in the Commitments pursuant to Section 2.1.4 and/or to any Canadian Revolver Commitment Increase made pursuant to and in accordance with Section 2.1.7); it being acknowledged and agreed that at no time can the sum of the Dollar Equivalent of the Maximum Canadian Facility Amount plus the Maximum U.S. Facility Amount exceed the Maximum Facility Amount in effect at such time.

Maximum Facility Amount: the sum of the (a) Dollar Equivalent of the Maximum Canadian Facility Amount and (b) Maximum U.S. Facility Amount but, in any event, not to exceed $1,300,000,000.

Maximum U.S. Facility Amount: on any date of determination, the lesser of (a) the U.S. Revolver Commitments on such date and (b) $900,000,000 (or such greater or lesser amount after giving effect to any reductions in the Commitments pursuant to Section 2.1.4 and/or to any U.S. Revolver Commitment Increase made pursuant to and in accordance with Section 2.1.7); it being acknowledged and agreed that at no time can the sum of the Maximum U.S. Facility Amount plus the Dollar Equivalent of the Maximum Canadian Facility Amount exceed the Maximum Facility Amount in effect at such time.

Moody's: Moody's Investors Service, Inc., and its successors.

MRC: as defined in the preamble to this Agreement.

Multiemployer Plan: any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions, but excluding, for greater certainty, any Canadian Multi-Employer Plan.

Net Available Cash Account: as defined in Section 8.3.

Net Orderly Liquidation Value: the orderly liquidation value (net of costs and expenses estimated to be incurred in connection with such liquidation) of the Eligible Inventory that is estimated to be recoverable in an orderly liquidation of such Eligible Inventory, as determined from time to time by reference to the most recent Inventory Appraisal.

Non-Bank Certificate: as defined in Section 5.9.2.

Non-Core Assets: the assets described on **Schedule 10.2.4**.

Notes: each Revolver Note or other promissory note executed by a Borrower to evidence any Obligations.

Notes Priority Lien Collateral: as defined in the Intercreditor Agreement.

Notes Priority Lien Debt: as defined in the Intercreditor Agreement.

Notes Priority Liens: as defined in the Intercreditor Agreement.

Notice of Borrowing: a Notice of Borrowing to be provided by Loan Party Agent to request a Borrowing of Loans, in the form attached hereto as **Exhibit E** or otherwise in form reasonably satisfactory to Agent and Loan Party Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Loan Party Agent to request a conversion or continuation of any Loans as LIBOR Loans or Canadian BA Rate Loans, in the form attached hereto as **Exhibit F** or otherwise in form reasonably satisfactory to Agent and Loan Party Agent.

Obligations: all (a) principal of and premium, if any, on the Loans, (b) LC Obligations and other obligations of the Loan Parties with respect to Letters of Credit, (c) interest, expenses, fees, indemnification obligations, Extraordinary Expenses and other amounts payable by the Loan Parties under the Loan Documents and (d) other Indebtedness, obligations and liabilities of any kind owing by the Loan Parties pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guarantee, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Ordinary Course of Business: with respect to any Person, the ordinary course of business of such Person, consistent with past practices or, with respect to actions taken by such Person for which no past practice exists, consistent with past practices of similarly situated companies, and, in each case, undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, continuation or amalgamation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, memorandum of association, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

Other Agreement: each: Note; LC Document; Fee Letter; Intercreditor Agreement; Borrowing Base Certificate; Compliance Certificate; Subordination Agreement; or other document, instrument, certificate, notice, report or agreement (other than this Agreement or a Security Document) now or hereafter delivered by or on behalf of a Loan Party to Agent or a Lender in connection with any transactions relating hereto.

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 under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

Overadvance: a Canadian Overadvance or U.S. Overadvance, as the context requires.

Overadvance Loan: a Canadian Overadvance Loan and/or a U.S. Overadvance Loan, as the context requires.

Parent: McJunkin Red Man Holding Corporation, a Delaware corporation.

Participant: as defined in Section 13.2.1.

Participant Register: as defined in Section 13.2.1.

Passive Entity: a Person that conducts no business activity other than the ownership of Stock and has no Indebtedness other than Guarantee Obligations relating to its Subsidiaries.

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).

Payment Item: each check, draft or other item of payment payable to a Loan Party, including those constituting proceeds of any Collateral.

PBA: the *Pensions Benefits Act (Ontario)* or any other Canadian federal or provincial or territorial pension benefit standards legislation pursuant to which any Canadian Pension Plan is required to be registered.

PBGC: the Pension Benefit Guaranty Corporation.

Perfection Certificate: shall mean a certificate disclosing information regarding the Loan Parties in the form of **Exhibit G-1** with respect to the Canadian Facility Loan Parties, and in the form of **Exhibit G-2** with respect to the U.S. Facility Loan Parties or any other form approved by the Agent and Loan Party Agent.

Permitted Acquisition: the acquisition, by merger or otherwise, by any 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 Guarantor, to the extent required by Section 10.1.13; (c) such acquisition shall result in the Agent, for the benefit of the Secured Parties, being granted a Lien in any Stock, Stock Equivalent or any assets so acquired, to the extent required by Sections 10.1.13 and/or 10.1.16; (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, either (1) both (A) Excess Availability shall be greater than the higher of (x) 10% of the Commitments and (y) $75,000,000 and (B) the Consolidated Fixed Charge Coverage Ratio determined as of the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 shall be greater than 1.0 to 1.0 or (2) Excess Availability shall be greater than the higher of (x) 15% of the Commitments and (y) $125,000,000 and (f) any Indebtedness incurred to finance the acquisition is permitted to be incurred by the Senior Secured Notes Indenture; *provided*, that if (x) such acquisition satisfies all of the conditions set forth above except for the conditions set forth in clause (e) above and (y) after giving effect to such acquisition, either (1) Excess Availability is greater than the higher of (A) 10% of the Commitments and (B) $75,000,000 or (2) the Consolidated Fixed Charge Coverage Ratio shall be greater than 1.0 to 1.0, such acquisition shall be permitted provided that it, together with all other acquisitions permitted under this proviso, do not exceed $50,000,000 in the aggregate.

Notwithstanding the definition of U.S. Borrowing Base and Canadian Borrowing Base, in connection with and subsequent to any Permitted Acquisition, the Accounts and Inventory acquired by the Borrowers, or, subject to compliance with Section 10.1.13 of this 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 have been satisfied and, if the aggregate value (or Cost in the case of Inventory) of such Accounts and Inventory is in excess of $40,000,000 and only to the extent reasonably requested by the Agent, the Agent shall have received a collateral audit and appraisal of such Accounts and Inventory acquired by the applicable Borrower or Borrowers or owned by such Person acquired by the applicable Borrower or Borrowers which shall be reasonably satisfactory in scope, form and substance to the Agent; *provided*, that if no collateral audit and appraisal is delivered to and approved by the 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: senior unsecured or subordinated Indebtedness issued by a Borrower or a Guarantor and, to the extent permitted by Section 10.2.1(b)(x), any Indebtedness incurred by any other Restricted Subsidiary of MRC, (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 U.S. Revolver Commitment Termination 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 Loan 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 such Borrower and the Subsidiaries than those in this Agreement or the Senior Secured Notes Indenture; *provided* that a certificate of a Senior Officer of such Borrower is delivered to the Agent at least five Business Days (or such shorter period as the 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 such 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 Agent notifies such 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, except to the extent permitted by Section 10.2.1(b)(x), no Subsidiary of MRC (other than a Loan Party) is an obligor.

Permitted Discretion: a determination made by Agent, in the exercise of its reasonable credit judgment (from the perspective of a secured asset-based lender), exercised in good faith and subject to Section 7.5.

Permitted Investments: shall mean:

(a) securities issued or unconditionally guaranteed by the United States of America or the Canadian government or any agency or instrumentality thereof, in each case having maturities of not more than 12 months from the date of acquisition thereof;

(b) securities issued by any state of the United States of America or any province or territory of Canada, or any political subdivision of any such state, province or territory, or any public instrumentality thereof or any political subdivision of any such state, province or territory, or any public instrumentality thereof having maturities of not more than 12 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service);

(c) commercial paper issued by any Lender or any bank holding company owning any Lender;

(d) commercial paper maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 or P-1 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(e) domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by any Lender or any other bank having combined capital and surplus of not less than $250,000,000 in the case of domestic banks;

(f) repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing;

(g) marketable short-term money market and similar funds (x) either having assets in excess of $250,000,000 or (y) having a rating of at least A-1 or P-1 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(h) shares of investment companies that are registered under the Investment Company Act of 1940 and substantially all the investments of which are one or more of the types of securities described in clauses (a) through (g) above; and

(i) in the case of Investments by any Restricted Foreign Subsidiary or Investments made in a country outside the United States of America or Canada, Permitted Investments shall also include (i) direct obligations of the sovereign nation (or any agency thereof) in which such Restricted Foreign Subsidiary is organized and is conducting business or where such Investment is made, or in obligations fully and unconditionally guaranteed by such sovereign nation (or any agency thereof), in each case maturing within a two years after such date and having, at the time of the acquisition thereof, a rating equivalent to at least A-1 from S&P and at least P-1 from Moody's, (ii) investments of the type and maturity described in clauses (a) through (h) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies, (iii) shares of money market mutual or similar funds which invest exclusively in assets otherwise satisfying the requirements of this definition (including this proviso) and (iv) other short-term investments utilized by Foreign Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (a) through (i).

<u>Permitted Liens</u>: shall mean:

(a) Liens for taxes, assessments or governmental charges or claims not yet due or which are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with GAAP;

(b) Liens in respect of property or assets of any Borrower or any of the Subsidiaries imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens arising in the Ordinary Course of Business, in each case so long as such Liens arise in the Ordinary Course of Business and do not individually or in the aggregate have a Material Adverse Effect;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 11.1;

(d) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the Ordinary Course of Business or otherwise constituting Investments permitted by Section 10.2.5;

(e) ground leases in respect of real property on which facilities owned or leased by a Borrower or any of its Subsidiaries are located;

(f) easements, rights-of-way, servitudes, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of any Borrower and its Subsidiaries, taken as a whole;

(g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of a Borrower or any of its Subsidiaries, provided that such Lien secures only the obligations of such Borrower or such Subsidiaries in respect of such letter of credit to the extent permitted under Section 10.2.1(b);

(j) leases or subleases granted to others not interfering in any material respect with the business of any Borrower and its Subsidiaries, taken as a whole;

(k) Liens arising from precautionary Uniform Commercial Code financing statements, PPSA financing statements or similar filings made in respect of operating leases entered into by any Borrower or any of its Subsidiaries; and

(l) Liens created in the Ordinary Course of Business in favor of banks and other financial institutions over credit balances of any bank accounts of any Borrower and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, to facilitate the operation of cash pooling and/or interest set-off arrangements in respect of such bank accounts in the Ordinary Course of Business.

Permitted Sale Leaseback: any Sale Leaseback consummated by any Borrower or any of the Restricted Subsidiaries after the Closing Date, provided that any such Sale Leaseback not between a Borrower and any Guarantor or any Guarantor and another Guarantor is consummated for fair value as determined at the time of consummation in good faith by such Borrower or such Restricted Subsidiary and, in the case of any Sale Leaseback (or series of related Sales Leasebacks) the aggregate proceeds of which exceed $25,000,000, the board of directors of such Borrower or such Restricted Subsidiary (which such determination may take into account any retained interest or other Investment of such Borrower or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback).

Person: any individual, corporation, limited liability company, unlimited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

Plan: any "employee benefit plan" (as defined in Section 3(3) of ERISA), and any payroll practice and other employee benefit plan, policy, program, agreement or arrangement, including retirement, pension, profit sharing, employment, individual consulting or other compensation agreement, collective bargaining agreement, bonus or other incentive compensation, retention, stock purchase, equity or equity-based compensation, deferred compensation, change in control, severance, sick leave, vacation, loans, salary continuation, hospitalization, health, life insurance, educational assistance, or other fringe benefit or perquisite plan, policy, agreement which is or was sponsored, maintained or contributed to by, or required to be contributed to by, any Loan Party or Affiliate thereof or with respect to which a Loan Party or ERISA Affiliate has or could have any obligation or liability, contingent or otherwise, but excluding, for greater certainty, a Canadian Employee Plan.

Pledged Collateral: as defined in Section 7.3.1.

Pledged Debt Securities: as defined in Section 7.3.1.

Pledged Stock: as defined in Section 7.3.1.

Post-Acquisition Period: with respect to any Permitted Acquisition, the period beginning on the date such Permitted Acquisition is consummated and ending on the last day of the fourth full consecutive fiscal quarter immediately following the date on which such Permitted Acquisition is consummated.

PPSA: the *Personal Property Security Act (Alberta)*, (or any successor statute) and the regulations thereunder; *provided*, *however*, if validity, perfection and effect of perfection and non-perfection and opposability of the Agent's security interest in and Lien on any Collateral of any Loan Party are governed by the personal property security laws of any jurisdiction other than Alberta, PPSA shall mean those personal property security laws (including the Civil Code) in such other jurisdiction for the purposes of the provisions hereof relating to such validity, perfection, and effect of perfection and non-perfection and for the definitions related to such provisions, as from time to time in effect.

Proceeds of Crime Act: the 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.

Pro Forma Adjustment: for any Test Period that includes all or any part of a fiscal quarter included in any Post-Acquisition Period, with respect to the Acquired EBITDA of the applicable Acquired Entity or Business or the Consolidated EBITDA of the Borrowers, the pro forma increase or decrease in such Acquired EBITDA or such Consolidated EBITDA, as the case may be, projected by the Borrowers in good faith as a result of (a) actions taken or expected to be taken during such Post-Acquisition Period for the purposes of realizing reasonably identifiable and factually supportable cost savings or (b) any additional costs incurred during such Post-Acquisition Period, in each case in connection with the combination of the operations of such Acquired Entity or Business with the operations of the Borrowers and the Restricted Subsidiaries; *provided* that, so long as such actions are taken or expected to be taken during such Post-Acquisition Period or such costs are incurred during such Post-Acquisition Period, as applicable, it may be assumed, for purposes of projecting such pro forma increase or decrease to such Acquired EBITDA or such Consolidated EBITDA, as the case may be, that such cost savings will be realizable during the entirety of such Test Period, or such additional costs, as applicable, will be incurred during the entirety of such Test Period; provided further that any such pro forma increase or decrease to such Acquired EBITDA or such Consolidated EBITDA, as the case may be, shall be without duplication for cost savings or additional costs already included in such Acquired EBITDA or such Consolidated EBITDA, as the case may be, for such Test Period.

Pro Forma Adjustment Certificate: any certificate of a Senior Officer of the Loan Party Agent delivered pursuant to Section 10.1.1(e).

Pro Forma Basis and Pro Forma Compliance: with respect to compliance with any test or covenant hereunder, that (A) to the extent applicable, the Pro Forma Adjustment shall have been made and (B) all Specified Transactions and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant: (a) income statement items (whether positive or negative) attributable to the property or Person subject to such Specified Transaction, (i) in the case of a sale, transfer or other disposition of all or substantially all Stock in any Subsidiary of any Loan Party or any division, product line, or facility used for operations of any Loan Party or any of its Subsidiaries, shall be excluded, and (ii) in the case of a Permitted Acquisition or Investment described in the definition of "Specified Transaction", shall be included, (b) any retirement of Indebtedness, and (c) any Indebtedness incurred or assumed by any Loan Party or any of the Restricted Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination; *provided* that, without limiting the application of the Pro Forma Adjustment pursuant to (A) above, the foregoing pro forma adjustments may be applied to any such test or covenant solely to the extent that such adjustments are consistent with the definition of Consolidated EBITDA and give effect to events (including operating expense reductions) that are (i) (x) directly attributable to such transaction, (y) expected to have a continuing impact on the Loan Parties and the Restricted Subsidiaries and (z) factually supportable or (ii) otherwise consistent with the definition of Pro Forma Adjustment.

Pro Forma Consolidated Fixed Charge Coverage Ratio: with respect to compliance with any covenant or test hereunder, the Consolidated Fixed Coverage Ratio as calculated on the assumed basis that the applicable dividend or payment in respect of Subordinated Indebtedness was included as one of the Consolidated Fixed Charges.

Pro Forma Entity: as defined in "Acquired EBITDA".

Property: any interest in any kind of property or asset, whether real (immovable), personal (movable) or mixed, or tangible (corporeal) or intangible (incorporeal).

Pro Rata: (a) when used with reference to a Lender's (i) share on any date of the total Borrower Group Commitments to a Borrower Group, (ii) participating interest in LC Obligations (if applicable) to the members of such Borrower Group, (iii) share of payments made by the members of such Borrower Group with respect to such Borrower Group's Obligations, (iv) increases or reductions to the Canadian Revolver Commitments or the U.S. Revolver Commitments pursuant to Section 2.1.4 or 2.1.7, and (v) obligation to pay or reimburse Agent for Extraordinary Expenses owed by or in respect of such Borrower Group or to indemnify any Indemnitees for Claims relating to such Borrower Group, a percentage (expressed as a decimal, rounded to the ninth decimal place) derived by dividing the amount of the Borrower Group Commitment of such Lender to such Borrower Group on such date by the aggregate amount of the Borrower Group Commitments of all Lenders to such Borrower Group on such date (or if such Borrower Group Commitments have been terminated, by reference to the respective

Borrower Group Commitments as in effect immediately prior to the termination thereof) or (b) when used for any other reason, a percentage (expressed as a decimal, rounded to the ninth decimal place) derived by dividing the aggregate amount of the Lender's Commitments on such date by the aggregate amount of the Commitments of all Lenders on such date (or if any such Commitments have been terminated, such Commitments as in effect immediately prior to the termination thereof).

Protective Advances: Canadian Protective Advances and/or U.S. Protective Advances, as the context requires.

Qualified IPO: any underwritten sale to the public of MRC's, Parent's or any direct or indirect parent of Parent's (or its successor's) Stock pursuant to an effective registration statement filed with the SEC on Form S-1 or Form S-3 (or any successor forms adopted by the SEC) after which MRC's, Parent's or any direct or indirect parent of Parent's (or its successor's) Stock is listed on a United States national securities exchange or the NASDAQ stock market; *provided* that a Qualified IPO shall not include any issuance of Stock in any merger or other business combination, and shall not include any registration of the issuance of Stock to existing securityholders or employees of MRC, Parent or any direct or indirect parent of Parent and their respective Subsidiaries on Form S-4 or Form S-8 (or any successor form adopted by the SEC).

Real Estate: as defined in Section 10.1.1(i).

Records: as defined in the UCC, and in any event means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form, including, all books and records, customer lists, files, correspondence, tapes, computer programs, print outs and computer records.

Register: as defined in Section 13.1.

Report: as defined in Section 12.2.3.

Reportable Event: the occurrence of any of the events set forth in Section 4043(b) or (c) of ERISA and regulations thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived).

Required Borrower Group Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments to a Borrower Group representing more than 50% of the aggregate Borrower Group Commitments to such Borrower Group at such time; *provided*, *however*, that if and for so long as any such Lender shall be a Defaulting Lender, the term "Required Borrower Group Lenders" shall mean Lenders (excluding such Defaulting Lender) having Borrower Group Commitments to such Borrower Group representing more than 50% of the aggregate Borrower Group Commitments to such Borrower Group (excluding the Borrower Group Commitments of each Defaulting Lender) at such time; *provided further*, *however*, that if all of the Borrower Group Commitments to such Borrower Group have been terminated, the term "Required Borrower Group Lenders" shall mean Lenders to such Borrower Group holding Revolver Loans to, and (if applicable) participating interest in LC Obligations owing by, such Borrower Group representing more than 50% of the aggregate outstanding principal amount of Revolver Loans and (if applicable) LC Obligations owing by such Borrower Group at such time.

Required Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments representing more than 50% of the aggregate Borrower Group Commitments at such time; *provided*, *however*, that for so long as any Lender shall be a Defaulting Lender, the term "Required Lenders" shall mean Lenders (excluding such Defaulting Lender) having Commitments representing more than 50% of the aggregate Commitments (excluding the Commitments of each Defaulting Lender) at such time; *provided further*, *however*, that if any of the Borrower Group Commitments have been terminated, the term "Required Lenders" shall be calculated using (a) in lieu of such Lender's terminated Borrower Group Commitment, the outstanding principal amount of the Revolver Loans by such Lender to, and (if applicable) participation interests in LC Obligations owing by, such Borrower Group and (b) in lieu of the aggregate Commitments under such terminated Borrower Group Commitment, the aggregate outstanding Revolver Loans to, and (if applicable) LC Obligations owing by such Borrower Group.

Requirement of Law: as to any Person, the Organic Documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

Reserves: U.S. Availability Reserves and/or Canadian Availability Reserves, as the context requires.

Restricted Foreign Subsidiary: a Foreign Subsidiary that is a Restricted Subsidiary.

Restricted Subsidiary: any Subsidiary of any Borrower other than an Unrestricted Subsidiary.

Reserve Percentage: the reserve percentage (expressed as a decimal, rounded up to the nearest 1/8th of 1%) applicable to member banks under regulations issued by the Board of Governors for determining the maximum reserve requirement for Eurocurrency liabilities.

Revolver Commitment Increase and Revolver Commitment Increases: as defined in Section 2.1.7(a).

Revolver Loan: a loan made pursuant to Section 2.1.1, and any Overadvance Loan, Swingline Loan or Protective Advance.

Revolver Notes: collectively, the U.S. Revolver Notes and the Canadian Revolver Notes.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Sale Leaseback: any transaction or series of related transactions pursuant to which any Borrower or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

SEC: means the Securities and Exchange Commission or any successor thereto and, as the context may require, any analogous Governmental Authority in any other relevant jurisdiction of the Parent or any Subsidiary.

Secured Bank Product Obligations: Bank Product Debt owing to a Secured Bank Product Provider and evidenced by one or more Bank Product Documents that the Loan Party Agent, in a written notice to Agent, has expressly requested be treated as Secured Bank Product Obligations for purposes hereof, up to the maximum amount (in the case of any Secured Bank Product Provider other than Bank of America and its Affiliates) specified by such provider in writing to Agent, which amount may be established and increased or decreased by further written notice to Agent from time to time.

Secured Bank Product Provider: (a) Bank of America or any of its Affiliates; and (b) any other Lender or Affiliate of a Lender that is providing a Bank Product; *provided* that such provider shall deliver a written notice to Agent, in form and substance reasonably satisfactory to Agent and Loan Party Agent, by the later of the Closing Date or 10 Business Days (or such later time as Agent and Loan Party Agent may agree in their reasonable discretion) following creation of the Bank Product, (i) describing the Bank Product and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount, and (ii) if such provider is not a Lender, agreeing to be bound by Section 12.13.

Secured Leverage Ratio: as of any date of determination, the ratio of (a) Consolidated Secured Debt as of the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 to (b) Consolidated EBITDA for such Test Period.

Secured Obligations: Obligations and Secured Bank Product Obligations, including in each case those under all Credit Documents.

Secured Parties: Canadian Facility Secured Parties, U.S. Facility Secured Parties and Secured Bank Product Providers.

Securities Account Control Agreement: the securities account control agreements, in form and substance reasonably satisfactory to Agent and Loan Party Agent, executed by each financial institution maintaining a Securities Account for a Loan Party, in favor of Agent.

Securities Accounts: all present and future "securities accounts" (as defined in Article 8 of the UCC or the PPSA, as applicable), including all monies, "uncertificated securities," "securities entitlements" and other "financial assets" (as defined in Article 8 of the UCC or the PPSA, as applicable) contained therein.

Security Documents: this Agreement, the Guarantees, Insurance Assignments, Canadian Security Agreements, the Deposit Account Control Agreements, the Securities Account Control Agreements and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Secured Obligations.

Senior Officer: the President, the Chief Financial Officer, the Principal Accounting Officer, the Treasurer, the Controller or any other senior officer of a Person designated as such in writing to the Agent by such Person.

Senior Secured Notes: the senior secured notes of MRC issued from time to time pursuant to the Senior Secured Notes Indenture and any registered notes issued by MRC 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: that certain Indenture, dated as of December 21, 2009, by and among MRC, Parent, the Credit Support Parties (as defined therein) party thereto, and U.S. Bank National Association, as trustee, 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.

Settlement Report: a report delivered by the Agent to the Applicable Lenders summarizing the Revolver Loans and, if applicable, participations in LC Obligations of the applicable Borrower Group outstanding as of a given settlement date, allocated to the Applicable Lenders on a Pro Rata basis in accordance with their Revolver Commitments.

Sold Entity or Business: as defined in the definition of the term “Consolidated EBITDA”.

Solidary Claim: as defined in Section 12.1.1(b).

Solvent: as it relates to (a) the Loan Parties, taken as a whole, (w) are adequately capitalized, (x) own assets, the value of which, on a going concern basis, exceed their liabilities, (y) will have sufficient working capital to pay their debts as they become due and (z) have not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise), or made any conveyance in connection therewith, in each case, with actual intent to hinder, delay or defraud either present or future creditors of such Persons or any of their Affiliates; and (b) (i) as to any other Person (other than a Person incorporated or organized under the laws of the Canada or any province or territory of Canada), such Person (u) 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); (v) 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; (w) is able to pay all of its debts as they mature; (x) 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; (y) is not “insolvent” within the meaning of Section 101(32) of the U.S. Bankruptcy Code; and (z) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) 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 and (ii) as to any other Person incorporated or organized under the laws of the Canada or any province or territory of Canada, is not an “insolvent person” as defined in the Bankruptcy and Insolvency Act (*Canada*). “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.

Specified Revolving Credit Collateral: all Letter-of-Credit Rights, Chattel Paper, Instruments, Investment Property and General Intangibles pertaining to the property described in clauses (i) and (ii) of Section 7.1 of this Agreement.

Specified Subsidiary: at any date of determination (a) any Material Subsidiary or (b) any Unrestricted Subsidiary (i) whose total assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements pursuant to Section 10.1.1 have been delivered were equal to or greater than 15% of the Consolidated Total Assets of the Parent and the Subsidiaries at such date or (ii) whose gross revenues for such Test Period were equal to or greater than 15% of the consolidated gross revenues of the Parent and the Subsidiaries for such period, in each case determined in accordance with GAAP and (c) each other Subsidiary that, when such Subsidiary's total assets or gross revenues are aggregated with the total assets or gross revenues, as applicable, of each other Subsidiary that is the subject of an Event of Default described in Section 11.1.5 would constitute a Specified Subsidiary under clause (a) or (b) above.

Specified Transaction: with respect to any period, any Investment, sale, transfer or other disposition of assets, incurrence or repayment of Indebtedness, Dividend, Subsidiary designation, Revolver Commitment Increase or other event that by the terms of this Agreement requires "Pro Forma Compliance" with a test or covenant hereunder or requires such test or covenant to be calculated on a "Pro Forma Basis."

Sponsor: GS Capital Partners V Fund, L.P. and its respective Affiliates.

Stock: shares of capital stock or shares in the capital, as the case may be (whether denominated as common stock or preferred stock or ordinary shares or preferred shares, as the case may be), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting.

Stock Equivalents: all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable.

Subordinated Indebtedness: Indebtedness of any Loan Party that is expressly subordinate and junior in right of payment to the Obligations of such Loan Party under this Agreement and is on subordination terms no less favorable to the Lenders than as is customary for senior subordinated notes issued in a public or Rule 144A high yield debt offering, it being understood that delivery to the Agent at least ten Business Days prior to the incurrence of such Indebtedness of a certificate of a Senior Officer of a Borrower (together with a reasonably detailed description of the subordination terms and conditions of such Indebtedness or drafts of the documentation relating thereto) certifying that such Borrower has determined in good faith that such subordination terms and conditions satisfy the foregoing requirements shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Agent notifies such

Borrower within such ten Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees)

Subordination Agreement: that certain Postponement and Subordination Agreement dated as of June 14, 2011, among McJunkin Red Man Canada Ltd., an Alberta corporation, Midfield Holdings (Alberta) Ltd., an Alberta corporation, the Initial Canadian Borrower and Bank of America, as Agent and Lender.

Subsidiary: with respect to any Person shall mean and include (a) any corporation more than 50% of whose Stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time Stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than a 50% equity interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of any Borrower.

Successor Borrower: as defined in Section 10.2.3(a).

Super-Majority Borrower Group Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments to a Borrower Group representing more than 75% of the aggregate Borrower Group Commitments to such Borrower Group at such time; *provided*, *however*, that if and for so long as any such Lender shall be a Defaulting Lender, the term "Super-Majority Borrower Group Lenders" shall mean Lenders (excluding such Defaulting Lender) having Borrower Group Commitments to such Borrower Group representing more than 75% of the aggregate Borrower Group Commitments to such Borrower Group (excluding the Borrower Group Commitments of each Defaulting Lender) at such time; *provided further*, *however*, that if all of the Borrower Group Commitments to such Borrower Group have been terminated, the term "Super-Majority Borrower Group Lenders" shall mean Lenders to such Borrower Group holding Revolver Loans to, and (if applicable) participating interest in LC Obligations owing by, such Borrower Group representing more than 75% of the aggregate outstanding principal amount of Revolver Loans and (if applicable) LC Obligations owing by such Borrower Group at such time.

Super-Majority Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments representing more than 75% of the aggregate Borrower Group Commitments at such time; *provided*, *however*, that for so long as any Lender shall be a Defaulting Lender, the term "Super-Majority Lenders" shall mean Lenders (excluding such Defaulting Lender) having Commitments representing more than 75% of the aggregate Commitments (excluding the Commitments of each Defaulting Lender) at such time; *provided further*, *however*, that if any of the Borrower Group Commitments have been terminated, the term "Super-Majority Lenders" shall be calculated using (a) in lieu of such Lender's terminated Borrower Group Commitment, the outstanding principal amount of the Revolver Loans by such Lender to, and (if applicable) participation interests in LC Obligations owing by, such Borrower Group and (b) in lieu of the aggregate Commitments under such terminated Borrower Group

Commitment, the aggregate outstanding Revolver Loans to, and (if applicable) LC Obligations owing by such Borrower Group.

Supporting Obligations: as defined in the UCC, and in any event means a Letter-of-Credit Right or secondary obligation that supports the payment or performance of an Account, Chattel Paper, Document, General Intangible, Instrument or Investment Property, including, but not limited to, securities, Investment Property, bills, notes, lien notes, judgments, chattel mortgages, mortgages, security interests, hypothecs, assignments, guarantees, suretyships, accessories, bills of exchange, negotiable instruments, invoices and all other rights, benefits and documents now or hereafter taken, vested in or held by a Person in respect of or as security for the same and the full benefit and advantage thereof, and all rights of action or claims which a Person now has or may at any time hereafter have against any other Person in respect thereof, including rights in its capacity as seller of any property or assets returned, repossessed or recovered, under an installment or conditional sale or otherwise.

Swingline Commitment: U.S. Swingline Commitment and/or Canadian Swingline Commitment, as the context requires.

Swingline Commitment Termination Date: U.S. Swingline Commitment Termination Date and/or Canadian Swingline Commitment Termination Date, as the context requires.

Swingline Lender: U.S. Swingline Lender and/or Canadian Swingline Lender, as the context requires.

Swingline Loan: a loan made pursuant to Section 2.1.8.

Taxes: all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other similar charges imposed in the nature of taxation by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Temporary Eligibility Period: the period of sixty (60) days after the Closing Date, or such longer period as the Agent shall approve; *provided*, such period shall not exceed one hundred twenty (120) days after the Closing Date without the approval of the Required Lenders.

Termination Event: (a) the voluntary full or partial wind up of a Canadian Pension Plan that is a registered pension plan by a Canadian Facility Loan Party; (b) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have a trustee appointed to administer such a plan; or (c) 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 such plan.

Test Period: for any determination under this Agreement, the four consecutive fiscal quarters of MRC then last ended.

Total Canadian Borrowing Base: at any time, an amount equal to the sum of, without duplication:

(a) the book value of Canadian Eligible Accounts of all Canadian Borrowers multiplied by the advance rate of 85%, *plus*

(b) the lesser of (i) 70% of the net book value of Canadian Eligible Inventory of all Canadian Borrowers (adding back the LIFO reserve calculated in accordance with GAAP) and (ii) Net Orderly Liquidation Value of Canadian Eligible Inventory of all Canadian Borrowers (which shall be (A) net of the current monthly shrinkage reserve calculated in accordance with GAAP and (B) valued at Cost) multiplied by the advance rate of 85%, *minus*

(c) subject to Section 7.5, effective (i) immediately upon or (ii) five (5) Business Days after, in the case of Canadian Availability Reserves which would cause the aggregate amount of the Canadian Revolver Loans of all Canadian Borrowers at such time to exceed the lesser of the Canadian Revolver Commitments and the Total Canadian Borrowing Base then in effect, in each case, notification thereof to the Canadian Borrowers by the Agent, any and all Canadian Availability Reserves.

The Total Canadian Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Certificate theretofore delivered to the Agent with such adjustments as the Agent deems appropriate in its Permitted Discretion to assure that the Total Canadian Borrowing Base is calculated in accordance with the terms of this Agreement.

Total Revolver Exposure: as of any date of determination the sum of the Dollar Equivalent of the Canadian Revolver Exposure and the U.S. Revolver Exposure on such date of determination.

Transaction Expenses: any fees or expenses incurred or paid by any Borrower or any of its Subsidiaries in connection with this Agreement, the other Loan Documents and the transactions contemplated hereby and thereby.

Transfer: as defined in Section 2.1.6(b).

Transfer Date: as defined in Section 2.1.6(b).

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.*, U.S. Base Rate Loan, LIBOR Loan, Canadian BA Rate Loan, Canadian Base Rate Loan, or Canadian Prime Rate Loan) and which shall be either an Interest Period Loan or a Floating Rate Loan.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other jurisdiction govern the creation, perfection, priority or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

Unfunded Current Liability: of any (i) Plan shall mean the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 87 as in effect on the date hereof, based upon the actuarial assumptions that would be used by the Plan's actuary in a termination of the Plan, exceeds the fair market value of the assets allocable thereto, and (ii) Canadian Pension Plan shall mean the excess of the present value of the benefit liabilities determined on a plan termination basis in accordance with actuarial assumptions over the current value of the assets, and in any event includes any unfunded liability, solvency liability or wind up deficiency in respect of any Canadian Pension Plan.

Unrestricted Subsidiary: (a) any Subsidiary of any Borrower that is formed or acquired after the Closing Date, *provided* that at such time (or promptly thereafter) such Borrower designates such Subsidiary an Unrestricted Subsidiary in a written notice to the Agent, (b) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary by the applicable Borrower in a written notice to the Agent, *provided* that in the case of (a) and (b), (x) such designation or re-designation shall be deemed to be an Investment on the date of such designation or re-designation in an Unrestricted Subsidiary in an amount equal to the sum of (i) such Borrower's direct or indirect equity ownership percentage of the net worth of such designation or re-designated Restricted Subsidiary immediately prior to such designation or re-designation (such net worth to be calculated without regard to any guarantee provided by such designated or re-designated Restricted Subsidiary) and (ii) the aggregate principal amount of any Indebtedness owed by such designated or re-designated Restricted Subsidiary to such Borrower or any other Restricted Subsidiary immediately prior to such designated or re-designation, all calculated, except as set forth in the parenthetical to clause (i), on a consolidated basis in accordance with GAAP and (y) no Default or Event of Default would result from such designation or re-designation and (c) each Subsidiary of an Unrestricted Subsidiary; *provided*, *however*, that at the time of any written designation or re-designation by the applicable Borrower to the Agent that any Unrestricted Subsidiary shall no longer constitute an Unrestricted Subsidiary, such Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary to the extent no Default or Event of Default would result from such designation or re-designation. On or promptly after the date of its formation, acquisition, designation or re-designation, as applicable, each Unrestricted Subsidiary (other than an Unrestricted Subsidiary that is (x) a Foreign Subsidiary, (y) any Domestic Subsidiary of a non-U.S. Subsidiary (that is a "controlled foreign corporation" within the meaning of Section 957 of the Code) or (z) any U.S. Subsidiary, substantially all of the assets of which are Stock of one or more "controlled foreign corporations" within the meaning of Section 957 of the Code) shall have entered into a tax sharing agreement containing terms that, in the reasonable judgment of the Agent, provide for an appropriate allocation of tax liabilities and benefits. An Unrestricted Subsidiary which has been re-designated as a Restricted Subsidiary may not be subsequently re-designated as an Unrestricted Subsidiary.

U.S. Assignment of Claims Act: Assignment of Claims Act of 1940, 31 U.S.C. § 3727, 41 U.S.C. § 15, as amended.

U.S. Availability: as of any date of determination, (a) the lesser of (i) the U.S. Revolver Commitments *minus* all U.S. LC Obligations as of such date of determination and (ii) the U.S. Borrowing Base as of such date of determination, *minus* (b) the principal balance of all U.S. Revolver Loans.

U.S. Availability Reserves: the sum (without duplication) of (a) the aggregate amount of the U.S. Rent Reserve, if any, established pursuant to clause (h) of the definition of U.S. Eligible Inventory; (b) the U.S. LC Reserve, (c) the U.S. Bank Product Reserve; (d) the Canadian Overadvance Loan Balance, if any, outstanding on such date; and (e) such additional reserves, in such amounts and with respect to such matters, as Agent may establish in its Permitted Discretion.

U.S. Bank Product Reserve: the aggregate amount of reserves, as established by the Agent from time to time in its Permitted Discretion and in consultation with Loan Party Agent, to reflect the reasonably anticipated liabilities in respect of the then outstanding Secured Bank Product Obligations of the U.S. Facility Loan Parties and their Subsidiaries.

U.S. Bankruptcy Code: Title 11 of the United States Code.

U.S. Base Rate: for any day, a per annum rate equal to the greater of (a) the U.S. Prime Rate for such day; (b) the Federal Funds Rate for such day, *plus* 0.50%; or (c) LIBOR for a 30 day interest period as determined on such day, *plus* 1.0%.

U.S. Base Rate Loan: any Loan that bears interest based on the U.S. Base Rate.

U.S. Borrowers: (a) the Initial U.S. Borrowers and (b) each other U.S. Subsidiary that, after the date hereof, has executed a supplement or joinder to this Agreement in accordance with Section 10.1.13(c) specifying that it wishes to be a U.S. Borrower.

U.S. Borrowing Base: at any time, an amount equal to the sum of, without duplication:

(a) the book value of U.S. Eligible Accounts multiplied by the advance rate of 85%, *plus*

(b) the lesser of (i) 70% of the net book value of U.S. Eligible Inventory (adding back the LIFO reserve calculated in accordance with GAAP) and (ii) Net Orderly Liquidation Value of U.S. Eligible Inventory (which shall be (A) net of the current monthly shrinkage reserve calculated in accordance with GAAP and (B) valued at Cost) multiplied by the advance rate of 85%, *minus*

(c) subject to Section 7.5, effective (i) immediately upon or (ii) five (5) Business Days after, in the case of U.S. Availability Reserves which would cause the aggregate amount of the U.S. Revolver Loans at such time to exceed the lesser of the U.S. Revolver Commitments and the U.S. Borrowing Base then in effect, in each case, notification thereof to the U.S. Borrowers by the Agent, any and all U.S. Availability Reserves.

The U.S. Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Certificate theretofore delivered to the Agent with such adjustments as the Agent deems appropriate in its Permitted Discretion to assure that the U.S. Borrowing Base is calculated in accordance with the terms of this Agreement.

U.S. Cash Collateral Account: a demand deposit, money market or other account established by Agent at Bank of America or such other financial institution as Agent may select in its discretion with the consent of Loan Party Agent (not to be unreasonably withheld or delayed), which account shall be for the benefit of the U.S. Facility Secured Parties and shall be subject to Agent's Liens securing the Secured Obligations; *provided* that the foregoing consent of Loan Party Agent to the selection by Agent in its discretion of a financial institution other than Bank of America shall not be required if an Event of Default has occurred and is continuing.

U.S. Domiciled Loan Party: any U.S. Borrower and each U.S. Facility Guarantor, and "U.S. Domiciled Loan Parties" means all such Persons, collectively.

U.S. Dominion Account: a special account established by the U.S. Facility Loan Parties at Bank of America or another bank acceptable to Agent, over which Agent has exclusive control for withdrawal purposes.

U.S. Eligible Accounts: at any time, the Accounts of the U.S. Borrowers at such date except any Account:

(a) which is not subject to a duly perfected security interest in favor of the Agent;

(b) which is subject to any Lien (including Liens permitted by Section 10.2.2) other than (i) a Lien in favor of the Agent and (ii) a Permitted Lien which does not have priority over the Lien in favor of the Agent; *provided* that, with respect to any tax Lien having such priority, eligibility of Accounts shall be reduced by the amount of such tax Lien having such priority;

(c) (i) owing by General Electric Company with respect to which more than 150 days have elapsed since the date of the original invoice therefor (*provided*, that the aggregate amount of all Accounts eligible under this clause (i) does not exceed $3,000,000 at any time) or (ii) owing by any other Account Debtor with respect to which more than 120 days have elapsed since the date of the original invoice therefor or which is more than 60 days past the due date for payment;

(d) which is owing by an Account Debtor for which more than 50% of the Accounts owing from such Account Debtor and its Affiliates are ineligible pursuant to clause (c) above;

(e) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to U.S. Borrowers exceeds 20% of the aggregate U.S. Eligible Accounts (or such higher percentage as the Agent may establish for the Account Debtor from time to time), in each case, only to the extent of such excess;

(f) with respect to which any covenant, representation, or warranty relating to such Account contained in this Agreement has been breached or is not true in any material respect;

(g) which (i) does not arise from the sale of goods or performance of services in the Ordinary Course of Business, (ii) is not evidenced by an invoice, or other documentation satisfactory to the Agent, which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon such U.S. Borrower's completion of any further performance, or (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment which is billed prior to actual sale to the end user, cash-on-delivery or any other repurchase or return basis, except with respect to up to $10,000,000 of such Accounts in the aggregate for the U.S. Borrowing Base and the Total Canadian Borrowing Base on a combined basis as described in this clause (v) and paragraph (g)(v) of the Canadian Eligible Accounts;

(h) for which the goods giving rise to such Account (other than Accounts described in the foregoing paragraph (g)(v)) have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by such U.S. Borrower;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor in respect of which an Insolvency Proceeding has been commenced or which is otherwise a debtor or a debtor in possession under any bankruptcy law or any other federal, state or foreign (including any province or territory) receivership, insolvency relief or other law or laws for the relief of debtors, including the U.S. Bankruptcy Code, unless the payment of Accounts from such Account Debtor is secured by assets of, or guaranteed by, in either case in a manner reasonably satisfactory to the Agent, a Person that is reasonably acceptable to the Agent or, if the Account from such Account Debtor arises subsequent to a decree or order for relief with respect to such Account Debtor under the federal bankruptcy laws, as now or hereafter in effect, the Agent shall have reasonably determined that the timely payment and collection of such Account will not be impaired;

(k) which is owed by an Account Debtor which has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs or is not Solvent;

(l) which is owed by an Account Debtor which is not organized under applicable law of the U.S. or Canada, any state of the U.S. or any province or territory of Canada and does not have its principal place of business in the U.S. or Canada unless such Account is backed by a letter of credit or other credit support reasonably acceptable to the Agent and which is in the possession of the Agent;

(m) which is owed in any currency other than Dollars or Canadian Dollars;

(n) which is owed by any Governmental Authority, unless (i) the Account Debtor is the United States or any department, agency or instrumentality thereof, and the Account has been assigned to the Agent in compliance with the U.S. Assignment of Claims Act, and any other steps necessary to perfect or render opposable the Lien of the

Agent in such Account have been complied with to the Agent's reasonable satisfaction, (ii) the Account Debtor is the government of Canada or a province or territory thereof, and the Account has been assigned to the Agent in compliance with the Financial Administration Act (or similar Applicable Law of such province or territory), and any other steps necessary to perfect or render opposable the Lien of the Agent in such Account have been complied with to the Agent's reasonable satisfaction, or (iii) such Account is backed by a letter of credit reasonably acceptable to the Agent and which is in the possession of the Agent;

(o) which is owed by any Affiliate, employee, director, or officer of any Loan Party; *provided* that portfolio companies of the Sponsor that do business with a U.S. Borrower in the Ordinary Course of Business will not be treated as Affiliates for purposes of this clause (o);

(p) which is owed by an Account Debtor or any Affiliate of such Account Debtor which is the holder of Indebtedness issued or incurred by any Loan Party; *provided*, that any such Account shall only be ineligible as to that portion of such Account which is less than or equal to the amount owed by the Loan Party to such Person;

(q) which is subject to any counterclaim, deduction, defense, setoff or dispute, but only to the extent of the amount of such counterclaim, deduction, defense, setoff or dispute, unless (i) the Agent, in its Permitted Discretion, has established appropriate U.S. Availability Reserves and determines to include such Account as a U.S. Eligible Account or (ii) such Account Debtor has entered into an agreement reasonably acceptable to the Agent to waive such rights;

(r) which is evidenced by any promissory note, Chattel Paper, or instrument (in each case, other than any such items that are delivered to the Agent);

(s) which is owed by an Account Debtor located in any jurisdiction that requires, as a condition to access to the courts of such jurisdiction, that a creditor qualify to transact business, file a business activities report or other report or form, or take one or more other actions, unless such U.S. Borrower has so qualified, filed such reports or forms, or taken such actions (and, in each case, paid any required fees or other charges), except to the extent such U.S. Borrower 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;

(t) with respect to which such U.S. Borrower has made any agreement with the Account Debtor for any reduction thereof, but only to the extent of such reduction, other than discounts and adjustments given in the Ordinary Course of Business; or

(u) which the Agent determines is ineligible in its Permitted Discretion.

Subject to Sections 14.1 and 7.5 and the definition of U.S. Borrowing Base, the Agent may modify the foregoing criteria in its Permitted Discretion.

U.S. Eligible Inventory: at any date of determination thereof, the aggregate amount of all Inventory owned by U.S. Borrowers at such date except any Inventory:

(a) which is not subject to a duly perfected Lien in favor of the Agent;

(b) which is subject to any Lien (including Liens permitted by Section 10.2.2) other than (i) a Lien in favor of the Agent and (ii) a Permitted Lien which does not have priority over the Lien in favor of the Agent (other than any bailee, warehouseman, landlord or similar non-consensual Liens having priority of operation of law to the extent either subclause (i) or (ii) of clauses (h) or (i) below of U.S. Eligible Inventory is satisfied with respect to the relevant Inventory); *provided* that, with respect to any tax Lien having such priority, eligibility of Inventory shall be reduced by the amount of such tax Lien having such priority;

(c) which is, in the Agent's Permitted Discretion, slow moving, obsolete, unmerchantable, defective, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the Ordinary Course of Business unacceptable due to age, type, category and/or quantity;

(d) with respect to which any covenant, representation, or warranty contained in this Agreement has been breached or is not true in any material respect;

(e) which does not conform in all material respects to all standards imposed by any applicable Governmental Authority (except that any standard that is qualified as to "materiality" shall have been conformed to in all respects);

(f) which constitutes packaging and shipping material, manufacturing supplies, display items, bill-and-hold goods (other than bill-and-hold goods, the sale of which been excluded from U.S. Eligible Accounts, pursuant to clause (g)(v) of the definition thereof), returned or repossessed goods (other than goods that are undamaged and able to be resold in the Ordinary Course of Business), defective goods, goods held on consignment, goods to be returned to the such U.S. Borrower's suppliers or goods which are not of a type held for sale in the Ordinary Course of Business;

(g) which is not located in the United States or Canada or is not at a location listed on **Schedule 8.4.1** (as updated from time to time in accordance with the provisions hereof) other than goods in transit between locations of the Loan Parties;

(h) which is located, at any time after the Temporary Eligibility Period, in any location leased by such U.S. Borrower unless (i) the lessor has delivered to the Agent a Collateral Access Agreement or (ii) a U.S. Rent Reserve has been established by the Agent;

(i) which is located, at any time after the Temporary Eligibility Period, in any third party warehouse or is in the possession of a bailee, processor or other Person and is not evidenced by a Document, unless (i) such warehouseman, bailee, processor or other Person has delivered to the Agent a Collateral Access Agreement and/or such other documentation as the Agent may reasonably require or (ii) appropriate U.S. Availability Reserves have been established by the Agent in its Permitted Discretion;

(j) which is the subject of a consignment by such U.S. Borrower as consignor unless (i) a protective UCC-1 financing statement has been properly filed against the consignee (as assigned to the Agent), and (ii) there is a written agreement acknowledging that such Inventory is held on consignment, that such U.S. Borrower retains title to such Inventory, that no Lien arising by, through or under such consignee has attached or will attach to such Inventory and requiring consignee to segregate the consigned Inventory from the consignee's other personal or movable property and having other terms consistent with such U.S. Borrower's past practices for consigned Inventory;

(k) which is perishable as determined in accordance with GAAP; or

(l) which contains or bears any intellectual property rights licensed to such U.S. Borrower unless the Agent is satisfied that it may sell or otherwise dispose of such Inventory without (i) infringing the rights of such licensor in any material respect or (ii) incurring any material liability with respect to payment of royalties other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement.

Subject to Sections 14.1 and 7.5 and the definition of U.S. Borrowing Base, the Agent may modify the foregoing criteria in its Permitted Discretion.

U.S. Facility Collateral: Collateral that now or hereafter secures (or is intended to secure) any of the U.S. Facility Secured Obligations.

U.S. Facility Guarantee: each guarantee agreement (including this Agreement) at any time executed by a U.S. Facility Guarantor in favor of Agent guaranteeing all or any portion of the U.S. Facility Secured Obligations.

U.S. Facility Guarantor: each U.S. Subsidiary that, after the date hereof, has executed a supplement or joinder to this Agreement in accordance with Section 10.1.13(c) specifying that it wishes to be a U.S. Facility Guarantor.

U.S. Facility Loan Party: a U.S. Borrower or a U.S. Facility Guarantor.

U.S. Facility Obligations: all Obligations of the U.S. Facility Loan Parties (including, for the avoidance of doubt, the Obligations of the U.S. Domiciled Loan Parties as guarantors of the Canadian Facility Obligations).

U.S. Facility Secured Obligations: all Secured Obligations of the U.S. Facility Loan Parties (including, for the avoidance of doubt, the Secured Obligations of the U.S. Domiciled Loan Parties as guarantors of the Canadian Facility Secured Obligations).

U.S. Facility Secured Parties: the Agent, any U.S. Fronting Bank, U.S. Lenders and Secured Bank Product Providers of Bank Products to U.S. Facility Loan Parties.

U.S. Fronting Bank: Bank of America or any Affiliate thereof that agrees to issue U.S. Letters of Credit or, if reasonably acceptable to Loan Party Agent, any other U.S. Lender or Affiliate thereof that agrees to issue U.S. Letters of Credit.

U.S. Fronting Bank Indemnitees: any U.S. Fronting Bank and its officers, directors, employees, Affiliates and agents.

U.S. LC Application: an application by Loan Party Agent on behalf of a U.S. Borrower to a U.S. Fronting Bank for issuance of a U.S. Letter of Credit, in form and substance reasonably satisfactory to such U.S. Fronting Bank.

U.S. LC Conditions: the following conditions necessary for issuance of a U.S. Letter of Credit: (a) each of the conditions set forth in Section 6 being satisfied or waived; (b) after giving effect to such issuance, total U.S. LC Obligations do not exceed the U.S. Letter of Credit Sublimit and no U.S. Overadvance exists or would result therefrom; (c) the expiration date of such U.S. Letter of Credit is (i) no more than 365 days from issuance (*provided* that each U.S. Letter of Credit may, upon request of the applicable U.S. Borrower, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of twelve (12) months or less (but no later than 20 Business Days prior to the Facility Terminations Date), and (ii) unless the U.S. Fronting Bank and Agent otherwise consent (subject to the satisfaction of the Cash Collateral requirements set forth in Section 2.2.3), at least 20 Business Days prior to the Facility Termination Date; (d) the U.S. Letter of Credit and payments thereunder are denominated in Dollars; (e) the form of the proposed U.S. Letter of Credit is reasonably satisfactory to Agent and the applicable U.S. Fronting Bank; and (f) the proposed use of the U.S. Letter of Credit is for a lawful purpose.

U.S. LC Documents: all documents, instruments and agreements (including U.S. LC Requests and U.S. LC Applications) delivered by Loan Party Agent on behalf a U.S. Borrower or by any other Person to U.S. Fronting Bank or Agent in connection with issuance, amendment or renewal of, or payment under, any U.S. Letter of Credit.

U.S. LC Obligations: the sum (without duplication) of (a) all amounts owing by U.S. Borrowers for any drawings under U.S. Letters of Credit; (b) the stated amount of all outstanding U.S. Letters of Credit; and (c) all fees and other amounts owing with respect to U.S. Letters of Credit.

U.S. LC Request: a request for issuance of a U.S. Letter of Credit, to be provided by Loan Party Agent on behalf of a U.S. Borrower to U.S. Fronting Bank, in form reasonably satisfactory to Agent and U.S. Fronting Bank.

U.S. LC Reserve: the aggregate of all U.S. LC Obligations, other than (a) those that have been Cash Collateralized; and (b) if no Event of Default exists, those constituting charges owing to the U.S. Fronting Bank.

U.S. Lenders: Bank of America and each other Lender (other than Canadian Lenders) party hereto.

U.S. Letter of Credit: any standby or documentary letter of credit issued by U.S. Fronting Bank for the account of a U.S. Borrower, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Agent or U.S. Fronting Bank for the benefit of a U.S. Borrower, including any Existing Letter of Credit.

U.S. Letter of Credit Sublimit: $80,000,000.

U.S. Overadvance: as defined in Section 2.1.5.

U.S. Overadvance Loan: a U.S. Base Rate Loan made to a U.S. Borrower when a U.S. Overadvance exists or is caused by the funding thereof.

U.S. Prime Rate: the rate of interest announced by Bank of America from time to time as its prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

U.S. Protective Advances: as defined in Section 2.1.6(a).

U.S. Reimbursement Date: as defined in Section 2.2.2(a).

U.S. Rent Reserve: the aggregate of (a) all past due rent and other past due charges owing by any U.S. Borrower to any landlord or other Person who possesses any U.S. Facility Collateral or could assert a Lien on any U.S. Facility Collateral; plus (b) a reserve in an amount not to exceed rent and other charges that could be payable to any such Person for the time period used to determine the Net Orderly Liquidation Value.

U.S. Revolver Commitment Increase: as defined in Section 2.1.7(a).

U.S. Revolver Commitment: for any U.S. Lender, its obligation to make U.S. Revolver Loans and to issue U.S. Letters of Credit, in the case of any U.S. Fronting Bank, or participate in U.S. LC Obligations, in the case of the other U.S. Lenders, to the U.S. Borrowers up to the maximum principal amount, in each case, shown on **Schedule 2.1.1(a)**, or as hereafter determined pursuant to each Assignment and Acceptance to which it is a party, as such U.S. Revolver Commitment may be adjusted from time to time in accordance with the provisions of Section 2.1.4, 2.1.7 or 11.1. "U.S. Revolver Commitments" means the aggregate amount of such commitments of all U.S. Lenders.

U.S. Revolver Commitment Termination Date: the earliest of (a) the Facility Termination Date, (b) the date on which the Loan Party Agent terminates or reduces to zero the U.S. Revolver Commitments pursuant to Section 2.1.4, and (c) the date on which the U.S. Revolver Commitments are terminated pursuant to Section 11.1.

U.S. Revolver Exposure: on any date, an amount equal to the sum of the (a) U.S. Revolver Loans outstanding on such date and (b) U.S. LC Obligations on such date.

U.S. Revolver Loan: a Revolver Loan made by a U.S. Lender to a U.S. Borrower pursuant to Section 2.1.1(a), which Loan shall be denominated in Dollars and shall be either a U.S. Base Rate Loan or a LIBOR Loan, in each case as selected by Loan Party Agent, and including any U.S. Swingline Loan, U.S. Overadvance Loan or U.S. Protective Advance.

U.S. Revolver Notes: the promissory notes, if any, executed by U.S. Borrowers in favor of each U.S. Lender to evidence the U.S. Revolver Loans funded from time to time by such U.S. Lender, which shall be in the form of **Exhibit C-2** to this Agreement, together with any replacement or successor notes therefor.

U.S. Subsidiary: a Wholly-Owned Subsidiary of any U.S. Borrower that is organized under the laws of the United States, any state of the United States or the District of Columbia.

U.S. Swingline Commitment: $75,000,000.

U.S. Swingline Commitment Termination Date: with respect to any U.S. Swingline Loan, the date that is five Business Days prior to the U.S. Revolver Commitment Termination Date.

U.S. Swingline Lender: Bank of America or an Affiliate of Bank of America.

U.S. Swingline Loan: a Swingline Loan made by the U.S. Swingline Lender to a U.S. Borrower pursuant to Section 2.1.8(a), which Swingline Loan shall be denominated in Dollars and shall be a U.S. Base Rate Loan.

Voting Stock: with respect to any Person, any class or classes of equity interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors of such Person.

Wholly-Owned: with respect to any Person at any time, any Subsidiary, 100% of whose Stock (other than, in the case of any Foreign Subsidiary, nominal directors' qualifying shares) are at such time owned, directly or indirectly, by such 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 the Loan Parties delivered to Agent before the Closing Date. In the event that any "Accounting Changes" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then at the Loan Party Agent's request, Agent and the Lenders shall enter into negotiations with Loan Party Agent in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the financial condition of the Loan Parties shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Loan Parties, the Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles (i) required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants or, if applicable, the SEC or (ii) otherwise proposed by the Loan Party Agent to, and approved by, Agent.

1.3 Uniform Commercial Code/PPSA. As used herein, the following terms are defined in accordance with the UCC in effect in the State of New York from time to time: "Chattel Paper," "Commercial Tort Claim", "Equipment", "Instrument", "Investment Property" and, as such terms relate to any such Property of any Canadian Domiciled Loan Party, such terms shall refer to such Property as defined in the PPSA to the extent applicable. In addition, other terms relating to Collateral used and not otherwise defined herein that are defined in the UCC and/or the PPSA shall have the meanings set forth in the UCC and/or the PPSA, as applicable and as the context requires.

1.4 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 reference to any Loan Document shall be deemed to include any amendments, waivers and other modifications, extensions or renewals of such Loan Document; (c) section means, 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 of such Person; (f) time of day means time of day in Dallas, Texas (Central Time); or (g) discretion of the Agent, any Fronting Bank or any Lender means the sole and absolute discretion of such Person exercised in a manner consistent with its duties of good faith and fair dealing. Except as expressly otherwise provided herein, all 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. To the extent not otherwise specified herein, Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise reasonably satisfactory to Agent (and not necessarily calculated in accordance with GAAP). Loan Parties shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent, Fronting 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 any payment, certificate, notice or other delivery shall be stated to be due on a day other than a Business Day, the due date for such payment or delivery shall be extended to the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be; *provided*, *however*, that if such extension would cause payment of interest on or principal of any LIBOR Loan to be made in the next calendar month, such payment shall be made on the immediately preceding Business Day.

1.5 Interpretation (Quebec). 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, (a) "personal property" shall be deemed to include "movable property", (b) "real property" shall be deemed to include "immovable property", (c) "tangible property" shall be deemed to include "corporeal property", (d) "intangible property" shall be deemed to include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall be deemed to include a "hypothec", "prior claim" and a "resolutory clause", (f) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the Civil Code, (g) all references to "perfection" of or "perfected" Liens shall be deemed to include a reference to an "opposable" or "set up" Liens as against third parties, (h) any "right of offset", "right of setoff" or similar expression shall be deemed to include a "right of compensation", (i) "goods" shall be deemed to include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j) an "agent" shall be deemed to include a "mandatary", (k) "construction liens" shall be deemed to include "legal hypothecs", (l) "joint and several" shall be deemed to include "solidary", (m) "gross negligence or willful misconduct" shall be deemed to be "intentional or gross fault", (n) "beneficial ownership" shall be deemed to include "ownership on behalf of another as mandatary", (o) "servitude" shall be deemed to include "easement", (p) "priority" shall be deemed to include "prior claim", (q) "survey" shall be deemed to include "certificate of location and plan", and (r) "fee simple title" shall be deemed to include "absolute ownership". The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en la langue anglaise seulement.*

SECTION 2. CREDIT FACILITIES

2.1 Commitment.

2.1.1 Revolver Loans.

(a) U.S. Revolver Loans to U.S. Borrowers. Each U.S. Lender agrees, severally and not jointly with the other U.S. Lenders, upon the terms and subject to the conditions set forth herein, to make U.S. Revolver Loans to any of the U.S. Borrowers on any Business Day during the period from the Closing Date to the U.S. Revolver Commitment Termination Date, not to exceed in aggregate principal amount outstanding at any time, together with such U.S. Lender's portion of the U.S. LC Obligations, such U.S. Lender's U.S. Revolver Commitment at such time, which U.S. Revolver Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; *provided*, *however*, that such U.S. Lenders shall have no obligation to U.S. Borrowers whatsoever to honor any request for a U.S. Revolver Loan on or after the U.S. Revolver Commitment Termination Date or if the amount of the proposed U.S. Revolver Loan exceeds U.S. Availability on the proposed funding date for such

U.S. Revolver Loan. Each Borrowing of U.S. Revolver Loans shall be funded by U.S. Lenders on a Pro Rata basis. The U.S. Revolver Loans shall bear interest as set forth in Section 3.1. Each U.S. Revolver Loan shall, at the option of the Loan Party Agent, be made or continued as, or converted into, part of one or more Borrowings that, unless specifically provided herein, shall consist entirely of U.S. Base Rate Loans or LIBOR Loans. The U.S. Revolver Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the U.S. Facility Collateral. U.S. Borrowers shall be jointly and severally liable to pay all of the U.S. Revolver Loans. Each U.S. Revolver Loan shall be funded and repaid in Dollars.

(b) Canadian Revolver Loans to Canadian Borrowers. Each Canadian Lender agrees, severally and not jointly with the other Canadian Lenders, upon the terms and subject to the conditions set forth herein, to make Canadian Revolver Loans to any of the Canadian Borrowers on any Business Day during the period from the Closing Date to the Canadian Revolver Commitment Termination Date, not to exceed in aggregate principal amount outstanding at any time, together with such Canadian Lender's portion of the Canadian LC Obligations, such Canadian Lender's Canadian Revolver Commitment at such time, which Canadian Revolver Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; *provided*, *however*, that Canadian Lenders shall have no obligation to the Canadian Borrowers whatsoever to honor any request for a Canadian Revolver Loan on or after the Canadian Revolver Commitment Termination Date or if the amount of the proposed Canadian Revolver Loan exceeds Canadian Availability on the proposed funding date for such Canadian Revolver Loan or, in the case of any Canadian Borrower, the limit contained in Section 2.3. Each Borrowing of Canadian Revolver Loans shall be funded by Canadian Lenders on a Pro Rata basis. The Canadian Revolver Loans shall bear interest as set forth in Section 3.1. Each Canadian Revolver Loan shall, at the option of the Initial Canadian Borrower, be made or continued as, or converted into, part of one or more Borrowings that, unless specifically provided herein, shall consist entirely of Canadian Prime Rate Loans or Canadian BA Rate Loans if denominated in Canadian Dollars, or Canadian Base Rate Loans or LIBOR Loans if denominated in Dollars. The Canadian Revolver Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the Canadian Facility Collateral. Each Canadian Revolver Loan shall be funded in Canadian Dollars or, at the option of the Initial Canadian Borrower, Dollars and repaid in the same currency as the underlying Canadian Revolver Loan was made.

(c) Cap on Total Revolver Exposure. Notwithstanding anything to the contrary contained in this Section 2.1.1, in no event shall any Borrower be entitled to receive a Revolver Loan if at the time of the proposed funding of such Loan (and after giving effect thereto and all pending requests for Loans), the Total Revolver Exposure exceeds (or would exceed) the lesser of the (a) the Maximum Facility Amount and (b) the Commitments.

2.1.2 Revolver Notes. The Revolver Loans made by each Lender and interest accruing thereon shall be evidenced by the records of the Agent and such Lender. At the request of any Lender, the Borrowers within the Borrower Group to which such Lender has extended Commitments shall deliver a Revolver Note to such Lender in the amount of such Lender's aggregate U.S. Revolver Commitment or Canadian Revolver Commitment, as applicable.

2.1.3 **Use of Proceeds**. The proceeds of Loans shall be used by Borrowers solely to (a) refinance MRC's Indebtedness under the Existing U.S. Credit Agreement, (b) to refinance the Initial Canadian Borrower's Indebtedness under the Existing Canadian Credit Agreement and the ATB Financial Debt, (c) to issue Letters of Credit, (d) to finance ongoing working capital needs and (e) for other general corporate purposes of the Borrowers and their Subsidiaries, including to fund permitted distributions.

2.1.4 **Reduction or Termination of Commitments**.

(a) The Canadian Revolver Commitments shall terminate on the Canadian Revolver Commitment Termination Date and the U.S. Revolver Commitments shall terminate on the U.S. Revolver Commitment Termination Date, in each case, unless sooner terminated in accordance with this Agreement. The Swingline Commitment shall terminate at 5:00 p.m. on the Swingline Commitment Termination Date. Upon at least 30 days' prior written notice to the Agent from the Loan Party Agent, (i) U.S. Borrowers may, at their option, terminate the U.S. Revolver Commitments and/or (ii) the Canadian Borrowers may, at their option, terminate the Canadian Revolver Commitments, in each case, without premium or penalty (other than funding losses payable pursuant to Section 3.9). If the U.S. Borrowers elect to reduce to zero or terminate the U.S. Revolver Commitments pursuant to the previous sentence, the Canadian Revolver Commitments shall automatically terminate concurrently with the termination of the U.S. Revolver Commitments. Any notice of termination given by the Borrowers pursuant to this Section 2.1.4 shall be irrevocable; *provided*, *however*, that notice may be contingent on the occurrence of a financing or refinancing or the consummation of a sale, transfer, lease or other disposition of assets or the occurrence of a Change of Control and may be revoked or the termination date deferred if the financing or refinancing or sale, transfer, lease or other disposition of assets or Change of Control does not occur. On the Canadian Revolver Commitment Termination Date, the Canadian Facility Loan Parties shall make Full Payment of all Canadian Facility Obligations. On the U.S. Revolver Commitment Termination Date, the U.S. Facility Loan Parties shall make Full Payment of all U.S. Facility Obligations.

(b) So long as no Default or Event of Default then exists or would result therefrom and after giving effect thereto, the Loan Party Agent may permanently and irrevocably reduce the Maximum Facility Amount by giving the Agent at least 10 Business Days' prior irrevocable written notice thereof (or such lesser time as Agent may consent to) from a Senior Officer of the Loan Party Agent, which notice shall (1) specify the date (which shall be a Business Day) and amount of such reduction (which shall, in the case of the Maximum U.S. Facility Amount, be in a minimum amount of $10,000,000 and increments of $10,000,000 in excess thereof and, in the case of the Maximum Canadian Facility Amount, be in a minimum amount of Cdn$1,000,000 and increments of Cdn$1,000,000 in excess thereof), and (2) specify the allocation of such reduction to, and the corresponding reductions of, each of the Maximum Canadian Facility Amount and/or the Maximum U.S. Facility Amount (and the respective Canadian Revolver Commitments and the U.S. Revolver Commitments in respect thereof, each of which shall be allocated to the Lenders among the Borrower Groups on a Pro Rata basis at the time of such reduction). Without limiting the foregoing, (i) each reduction in the Maximum U.S. Facility Amount shall in no event exceed U.S Availability, and (ii) each reduction in the Maximum Canadian Facility Amount shall in no event exceed Canadian Availability.

2.1.5 **<u>Overadvances</u>**. If at any time (i) the aggregate principal balance of all Canadian Revolver Loans owing by a Canadian Borrower exceeds the Canadian Borrowing Base of such Canadian Borrower (a "<u>Canadian Overadvance</u>") or (ii) the aggregate principal balance of all U.S. Revolver Loans exceeds the U.S. Borrowing Base (a "<u>U.S. Overadvance</u>"), the excess amount shall, subject to Section 5.2, be payable by the Applicable Canadian Borrower or the U.S. Borrowers, as applicable **on demand** by Agent. Agent may require Applicable Lenders to honor requests for Overadvance Loans and to forbear from requiring the applicable Borrower(s) to cure an Overadvance, (a) when no other Event of Default is known to Agent, as long as (i) such 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), (ii) such Overadvance is not known by Agent to exceed ten percent (10%) of the Total Canadian Borrowing Base, with respect to all Canadian Borrowers, or ten percent (10%) of the U.S. Borrowing Base, with respect to U.S. Borrowers and (iii) the aggregate amount of the Overadvances existing at any time, together with the Protective Advances outstanding at any time pursuant to Section 2.1.6 below, do not exceed fifteen percent (15%) of the Commitments then in effect; 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(i) the Canadian Revolver Exposure to exceed the aggregate Canadian Revolver Commitments or (ii) the U.S. Revolver Exposure to exceed the aggregate U.S. Revolver Commitments. All Canadian Overadvance Loans shall constitute Canadian Facility Obligations secured by the Canadian Facility Collateral and shall be entitled to all benefits of the Loan Documents. All U.S. Overadvance Loans shall constitute U.S. Facility Obligations secured by the U.S. Facility Collateral and shall be entitled to all benefits of the Loan Documents. Required Borrower Group Lenders may at any time revoke Agent's authority to make further Overadvance Loans to the Borrower or Borrowers of the applicable Borrower Group by written notice to the Agent. 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 any Borrower or other Loan Party be deemed a beneficiary of this Section 2.1.5 nor authorized to enforce any of its terms.

2.1.6 **<u>Protective Advances</u>**.

(a) The Agent shall be authorized by each Borrower and the Applicable Lenders, from time to time in the Agent's sole discretion (but shall have absolutely no obligation to), to make U.S. Base Rate Loans to the U.S. Borrowers on behalf of the U.S. Lenders (any of such Loans are herein referred to as "<u>U.S. Protective Advances</u>") and Canadian Base Rate Loans or Canadian Prime Rate Loans to any Canadian Borrower on behalf of the Canadian Lenders (any of such Loans are herein referred to as "<u>Canadian Protective Advances</u>") which the Agent, in its Permitted Discretion, deems necessary or desirable to (i) preserve or protect Collateral or any portion thereof or (ii) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Obligations; *provided* that no U.S. Protective Advance shall cause the aggregate amount of the U.S. Revolver Exposure at such time to exceed the Borrower Group Commitment then in effect, and no Canadian Protective Advance shall cause the aggregate amount of the Canadian Revolver Exposure at such time to exceed the Borrower Group Commitment (or any Applicable Canadian Borrower Commitment) then in effect; *provided further* that, the aggregate amount of U.S. Protective Advances and Canadian Protective

Advances outstanding at any time pursuant to clauses (i) and (ii) above shall not exceed seven and a half percent (7.5%) of the Commitments then in effect; *provided further* that, the aggregate amount of U.S. Protective Advances and Canadian Protective Advances outstanding at any time pursuant to clauses (i) and (ii) above, together with the Overadvances existing at any time pursuant to Section 2.1.5 above, shall not exceed fifteen percent (15%) of the Commitments then in effect. Protective Advances may be made even if the conditions set forth in Section 6 have not been satisfied. Each Applicable Lender shall participate in each Protective Advance on a Pro Rata basis. Required Borrower Group Lenders may at any time revoke Agent's authority to make further Protective Advances to the Borrower or Borrowers of the applicable Borrower Group by written notice to the Agent. Absent such revocation, the Agent's determination that funding of a Protective Advance is appropriate shall be conclusive. All U.S. Protective Advances made by the Agent with respect to U.S. Facility Loan Parties shall be U.S. Facility Obligations, secured by the U.S. Facility Collateral and shall be treated for all purposes as U.S. Base Rate Loans; and all Canadian Protective Advances made by the Agent with respect to Canadian Facility Loan Parties shall be Canadian Facility Obligations, secured by the Canadian Facility Collateral and, if denominated in Canadian dollars, shall be treated for all purposes as a Canadian Prime Rate Loan and, if denominated in Dollars, shall be treated for all purposes as a Canadian Base Rate Loan. At any time that there is sufficient Excess Availability and the conditions precedent set forth in Section 6 have been satisfied, the Agent may request the Applicable Lenders to make a U.S. Revolver Loan or a Canadian Revolver Loan, as applicable, to repay a Protective Advance. At any other time, the Agent may require the Applicable Lenders to fund their risk participations described in Section 2.1.6(b).

(b) Upon the making of a Protective Advance by the Agent (whether before or after the occurrence of a Default or Event of Default), each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Agent without recourse or warranty, an undivided interest and participation in such Protective Advance in proportion to its Pro Rata share of such Protective Advance. Each Lender shall transfer (a "Transfer") the amount of such Lender's Pro Rata share of the outstanding principal amount of the applicable Protective Advance with respect to such purchased interest and participation promptly when requested to the Agent, to such account of the Agent as the Agent may designate, but in any case not later than 3:00 p.m. on the Business Day notified (if notice is provided by the Agent prior to 12:00 p.m. and otherwise on the immediately following Business Day (the "Transfer Date"). Transfers may occur during the existence of a Default or Event of Default and whether or not the applicable conditions precedent set forth in Section 6 have then been satisfied. Such amounts transferred to the Agent shall be applied against the amount of the Protective Advance and, together with Lender's Pro Rata share of such Protective Advance, shall constitute Loans of such Lenders, respectively. If any such amount is not transferred to the Agent by any Lender on such Transfer Date, the Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon as specified in Section 3.1. From and after the date, if any, on which any Lender is required to fund, and funds, its participation in any Protective Advance purchased hereunder, the Agent shall promptly distribute to such Lender, such Lender's Pro Rata share of all payments of principal and interest and all proceeds of Collateral received by the Agent in respect of such Protective Advance.

2.1.7 Increase in Revolver Commitments.

(a) (i) The Loan Party Agent may by written notice to the Agent elect to increase the Maximum Canadian Facility Amount then in effect (a "Canadian Revolver Commitment Increase") and (ii) the Loan Party Agent may by written notice to the Agent elect to increase the Maximum U.S. Facility Amount then in effect (a "U.S. Revolver Commitment Increase" and together with the Canadian Revolver Commitment Increase, the "Revolver Commitment Increases" and each, a "Revolver Commitment Increase"), in each case, by increasing the Commitment of an Applicable Lender or by causing a Person reasonably acceptable to the Agent that at such time is not a Lender to become a Lender (an "Additional Lender"). Each such notice shall specify the proposed date (each, an "Increase Date") for the effectiveness of the Revolver Commitment Increase, which date shall be not less than ten Business Days after the date on which such notice is delivered to Agent. Any increase in the Maximum Canadian Facility Amount or the Maximum U.S. Facility Amount shall be subject to the following additional conditions: (i) no Default or Event of Default shall have occurred and be continuing as of the date of such notice or both immediately before and after giving effect thereto as of the Increase Date; (ii) no Lender shall be obligated or have a right to participate in the Revolver Commitment Increase by increasing its Commitment; (iii) the Revolver Commitment Increase, to the extent arising from the admission of an Additional Lender, shall be effected pursuant to one or more joinder agreements executed and delivered by the Borrowers and the Agent, and each of which shall be in form and substance reasonably satisfactory to the Agent; (iv) the Loan Party Agent shall deliver or cause to be delivered any officers' certificates, board resolutions, legal opinions or other documents reasonably requested by Agent in connection with the Revolver Commitment Increase; (v) the Borrowers shall pay all reasonable and documented fees and expenses in connection with the Revolver Commitment Increase, including payments required pursuant to Section 3.9 in connection with the Revolver Commitment Increase; (vi) such increase shall be in a minimum amount of $25,000,000 or, in the case of the Canadian Revolver Commitments, in a minimum amount of Cdn$25,000,000; and (vii) the Agent shall have received a certification from a Senior Officer of the Loan Party Agent, or other evidence reasonably satisfactory to the Agent, that such increase is permitted under the Senior Secured Notes Indenture. Any Revolver Commitment Increase shall concurrently increase, as applicable, (1) the U.S. Revolver Commitments then in effect Pro Rata among the U.S. Lenders (including any Additional Lenders who become U.S. Lenders as a result of such Revolver Commitment Increase) and (2) the Canadian Revolver Commitments then in effect Pro Rata among the Canadian Lenders (including any Additional Lenders who become Canadian Lenders as a result of such Revolver Commitment Increase). After giving effect to any Canadian Revolver Commitment Increase, the Canadian Revolver Commitment of each Canadian Lender (and the percentage of each Canadian Revolver Loan that each Participant must purchase a Canadian Revolver Loan participation in) shall be equal to such Canadian Lender's (or Participant's) Pro Rata share of the amount of the increased Canadian Revolver Commitments. After giving effect to any U.S. Revolver Commitment Increase, the U.S. Revolver Commitment of each U.S. Lender (and the percentage of each U.S. Revolver Loan that each Participant must purchase a U.S. Revolver Loan participation in) shall be equal to such U.S. Lender's (or Participant's) Pro Rata share of the amount of the increased U.S. Revolver Commitments. Notwithstanding the foregoing, in no event shall the aggregate amount of all Revolver Commitment Increases made under this Section 2.1.7 exceed $250,000,000, including the Dollar Equivalent of Canadian Revolver Commitment Increases.

(b) The Agent shall promptly inform the Lenders of any request for a Revolver Commitment Increase made by the Loan Party Agent. If the conditions set forth in clause (a) above are not satisfied on the applicable Increase Date (or, to the extent such conditions relate to an earlier date, such earlier date), the Agent shall notify the Loan Party Agent in writing that the requested Revolver Commitment Increase will not be effectuated. On each Increase Date, the Agent shall notify the Lenders and the Loan Party Agent, on or before 3:00 p.m., by telecopier, e-mail or telex, of the occurrence of the Revolver Commitment Increase to be effected on such Increase Date, the amount of Revolver Loans held by each Lender as a result thereof, the amount of the U.S. Revolver Commitment of each U.S. Lender (and the percentage of each U.S. Revolver Loan, if any, that each Participant must purchase a participation interest in) and the amount of the Canadian Revolver Commitment of each Canadian Lender (and the percentage of each Canadian Revolver Loan, if any, that each Participant must purchase a participation interest in) as a result thereof.

2.1.8 Swingline Loans.

(a) U.S. Swingline Loans to U.S. Borrowers. The U.S. Swingline Lender shall make U.S. Swingline Loans to any of the U.S. Borrowers on any Business Day during the period from the Closing Date to the U.S. Swingline Commitment Termination Date, not to exceed the U.S. Swingline Commitment in aggregate principal amount outstanding at any time, which U.S. Swingline Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; *provided*, *however*, that the U.S. Swingline Lender shall not honor any request for a U.S. Swingline Loan on or after the U.S. Swingline Commitment Termination Date or if the amount of the proposed U.S. Swingline Loan exceeds U.S. Availability on the proposed funding date for such U.S. Swingline Loan. The U.S. Swingline Loans shall be U.S. Base Rate Loans and bear interest as set forth in Section 3.1. Each U.S. Swingline Loan shall constitute a Revolver Loan for all purposes except that payments thereon shall be made to the U.S. Swingline Lender for its own account. The U.S. Swingline Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the U.S. Facility Collateral. The U.S. Borrowers shall be jointly and severally liable to pay all of the U.S. Swingline Loans. Each U.S. Swingline Loan shall be funded and repaid in Dollars.

(b) Canadian Swingline Loans to Canadian Borrowers. The Canadian Swingline Lender shall make Canadian Swingline Loans to any of the Canadian Borrowers on any Business Day during the period from the Closing Date to the Canadian Swingline Commitment Termination Date, not to exceed the Canadian Swingline Commitment in aggregate principal amount outstanding at any time, which Canadian Swingline Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; *provided*, *however*, that the Canadian Swingline Lender shall not honor any request for a Canadian Swingline Loan on or after the Canadian Swingline Commitment Termination Date, if the amount of the proposed Canadian Swingline Loan exceeds Canadian Availability of the Applicable Canadian Borrower on the proposed funding date for such Canadian Swingline Loan or if the requirements of Section 2.3 are not satisfied. The Canadian Swingline Loans shall be Canadian Prime Rate Loans if denominated in Canadian Dollars and Canadian Base Rate Loans if denominated in Dollars and bear interest as set forth in Section 3.1. Each Canadian Swingline Loan shall constitute a Revolver Loan for all purposes except that payments thereon shall be made to the Canadian Swingline Lender for its own account. The Canadian Swingline Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the Canadian Facility Collateral. Each Canadian Swingline Loan shall be funded in Canadian Dollars or, at the option of the Initial Canadian Borrower, Dollars and repaid in the same currency as the underlying Canadian Swingline Loan was made.

(c) The Swingline Loans made by each Swingline Lender and interest accruing thereon shall be evidenced by the records of the Agent and such Swingline Lender and need not be evidenced by any promissory note.

2.2 Letter of Credit Facilities.

2.2.1 Issuance of U.S. Letters of Credit. U.S. Fronting Bank agrees to issue U.S. Letters of Credit for the account of any U.S. Borrower or its U.S. Subsidiaries that are Restricted Subsidiaries (*provided* that a U.S. Borrower shall be a co-applicant, and jointly and severally liable with respect to, any U.S. Letter of Credit issued for the account of a Restricted Subsidiary) from time to time until the Facility Termination Date (or until the U.S. Revolver Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a) Each U.S. Borrower acknowledges that U.S. Fronting Bank’s willingness to issue any U.S. Letter of Credit is conditioned upon U.S. Fronting Bank’s receipt of a U.S. LC Application with respect to the requested U.S. Letter of Credit, as well as such other instruments and agreements as U.S. Fronting Bank may customarily require for issuance of a letter of credit of similar type and amount. U.S. Fronting Bank shall have no obligation to issue any U.S. Letter of Credit unless (i) U.S. Fronting Bank receives a U.S. LC Request and U.S. LC Application at least three Business Days prior to the requested date of issuance; (ii) each U.S. LC Condition is satisfied; and (iii) if a Defaulting Lender that is a U.S. Lender exists, U.S. Borrowers have entered into arrangements reasonably satisfactory to Agent and U.S. Fronting Bank to eliminate any funding risk associated with such Defaulting Lender. If U.S. Fronting Bank receives written notice from a U.S. Lender at least three Business Days before issuance of a U.S. Letter of Credit that any U.S. LC Condition has not been satisfied, U.S. Fronting Bank shall have no obligation to issue the requested U.S. Letter of Credit (or any other) until such notice is withdrawn in writing by the Required Lenders or until the Required Lenders have waived such condition in accordance with this Agreement. Prior to receipt of any such notice, U.S. Fronting Bank shall not be deemed to have knowledge of any failure of U.S. LC Conditions. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(b) The renewal or extension of any U.S. Letter of Credit shall be treated as the issuance of a new U.S. Letter of Credit, except that delivery of a new U.S. LC Application shall be required at the discretion of U.S. Fronting Bank. No U.S. Fronting Bank shall renew or extend any U.S. Letter of Credit if it receives written notice from the Agent or the Required Lenders of the existence of a Default or Event of Default.

(c) U.S. Borrowers assume all risks of the acts, omissions or misuses of any U.S. Letter of Credit by the beneficiary. In connection with issuance of any U.S. Letter of

Credit, none of Agent, U.S. Fronting 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 U.S. 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 a U.S. 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 U.S. Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of U.S. Fronting Bank, Agent or any U.S. Lender, including any act or omission of a Governmental Authority. The rights and remedies of U.S. Fronting Bank under the Loan Documents shall be cumulative. U.S. Fronting Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any U.S. Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any U.S. Letters of Credit or U.S. LC Documents, U.S. Fronting Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by U.S. Fronting Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. U.S. Fronting 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. U.S. Fronting Bank may employ agents and attorneys-in-fact in connection with any matter relating to U.S. Letters of Credit or U.S. LC Documents, and shall not be liable for the negligence or misconduct of agents and attorneys-in-fact selected with reasonable care.

2.2.2 U.S. Reimbursement; U.S. Participations.

(a) If U.S. Fronting Bank honors any request for payment under a U.S. Letter of Credit, U.S. Borrowers shall pay to U.S. Fronting Bank, on the same day ("U.S. Reimbursement Date"), the amount paid by U.S. Fronting Bank under such U.S. Letter of Credit, together with interest at the interest rate for U.S. Base Rate Loans from the U.S. Reimbursement Date until payment by U.S. Borrowers. The obligation of U.S. Borrowers to reimburse U.S. Fronting Bank for any payment made under a U.S. Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any U.S. Letter of Credit or the existence of any claim, setoff, defense or other right that U.S. Borrowers or Loan Parties may have at any time against the beneficiary. Whether or not Loan Party Agent submits a Notice of Borrowing, U.S. Borrowers shall be deemed to have requested a Borrowing of U.S. Base Rate Loans in an amount necessary to pay all amounts due U.S. Fronting Bank on any U.S. Reimbursement Date and each U.S. 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.

(b) Upon issuance of a U.S. Letter of Credit, each U.S. Lender shall be deemed to have irrevocably and unconditionally purchased from U.S. Fronting Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all U.S. LC Obligations relating to the U.S. Letter of Credit. If U.S. Fronting Bank makes any payment under a U.S. Letter of Credit and U.S. Borrowers do not reimburse such payment on the U.S. Reimbursement Date, Agent shall promptly notify U.S. Lenders and each U.S. Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of U.S. Fronting Bank, the U.S. Lender's Pro Rata share of such payment. Upon request by a U.S. Lender, U.S. Fronting Bank shall furnish copies of any U.S. Letters of Credit and U.S. LC Documents in its possession at such time.

(c) The obligation of each U.S. Lender to make payments to Agent for the account of U.S. Fronting Bank in connection with U.S. Fronting Bank's payment under a U.S. Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, 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 U.S. 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 or defense that any Loan Party may have with respect to any Obligations. U.S. Fronting Bank does not assume any responsibility for any failure or delay in performance or any breach by any U.S. Borrower or other Person of any obligations under any U.S. LC Documents. U.S. Fronting Bank does not make any express or implied warranty, representation or guarantee to U.S. Lenders with respect to the U.S. Facility Collateral, U.S. LC Documents or any U.S. Facility Loan Party. U.S. Fronting Bank shall not be responsible to any U.S. Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any U.S. LC Documents; the validity, genuineness, enforceability, collectability, value or sufficiency of any U.S. Facility Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any U.S. Facility Loan Party.

(d) No U.S. Fronting Bank Indemnitee shall be liable to any Loan Party or other Person for any action taken or omitted to be taken in connection with any U.S. LC Documents except as a result of the U.S. Fronting Bank's actual gross negligence, willful misconduct or bad faith, as determined by a final, nonappealable judgment of a court of competent jurisdiction. U.S. Fronting Bank shall not have any liability to any Lender if U.S. Fronting Bank refrains from any action under any U.S. Letter of Credit or U.S. LC Documents until it receives written instructions from Required Borrower Group Lenders of the Borrower Group consisting of the U.S. Borrowers.

2.2.3 **U.S. Cash Collateral**. If any U.S. 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 a U.S. Overadvance exists, (c) after the U.S. Revolver Commitment Termination Date, or (d) within five Business Days prior to the Facility Termination Date, then U.S.

Borrowers shall, within one Business Day of U.S. Fronting Bank's or Agent's request, Cash Collateralize the stated amount of all outstanding U.S. Letters of Credit and pay to U.S. Fronting Bank the amount of all other U.S. LC Obligations. U.S. Borrowers shall, within one Business Day of demand by U.S. Fronting Bank or Agent from time to time, Cash Collateralize the U.S. LC Obligations of any Defaulting Lender that is a U.S. Lender. If U.S. Borrowers fail to provide any Cash Collateral as required hereunder, Lenders may (and shall upon direction of Agent) advance, as U.S. Revolver Loans, the amount of the Cash Collateral required (whether or not the U.S. Revolver Commitments have terminated, any U.S. Overadvance exists or would result therefrom or the conditions in Section 6 are satisfied).

2.2.4 Issuance of Canadian Letters of Credit. Canadian Fronting Bank agrees to issue Canadian Letters of Credit for the account of any Canadian Borrower from time to time until the Facility Termination Date (or until the Canadian Revolver Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a) Each Canadian Borrower acknowledges that Canadian Fronting Bank's willingness to issue any Canadian Letter of Credit is conditioned upon Canadian Fronting Bank's receipt of a Canadian LC Application with respect to the requested Canadian Letter of Credit, as well as such other instruments and agreements as Canadian Fronting Bank may customarily require for issuance of a letter of credit of similar type and amount. Canadian Fronting Bank shall have no obligation to issue any Canadian Letter of Credit unless (i) Canadian Fronting Bank receives a Canadian LC Request and Canadian LC Application at least three Business Days prior to the requested date of issuance; (ii) each Canadian LC Condition is satisfied; and (iii) if a Defaulting Lender that is a Canadian Lender exists, such Lender or Canadian Borrowers have entered into arrangements reasonably satisfactory to Agent and Canadian Fronting Bank to eliminate any funding risk associated with such Defaulting Lender. If Canadian Fronting Bank receives written notice from a Canadian Lender at least three Business Days before issuance of a Canadian Letter of Credit that any Canadian LC Condition has not been satisfied, Canadian Fronting Bank shall have no obligation to issue the requested Canadian Letter of Credit (or any other) until such notice is withdrawn in writing by the Required Lenders or until the Required Lenders have waived such condition in accordance with this Agreement. Prior to receipt of any such notice, Canadian Fronting Bank shall not be deemed to have knowledge of any failure of Canadian LC Conditions.

(b) The renewal or extension of any Canadian Letter of Credit shall be treated as the issuance of a new Canadian Letter of Credit, except that delivery of a new Canadian LC Application shall be required at the discretion of Canadian Fronting Bank. No Canadian Fronting Bank shall renew or extend any Canadian Letter of Credit if it receives written notice from the Agent or the Required Lenders of the existence of a Default or Event of Default.

(c) Canadian Borrowers assume all risks of the acts, omissions or misuses of any Canadian Letter of Credit by the beneficiary. In connection with issuance of any Canadian Letter of Credit, none of Agent, Canadian Fronting 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 Canadian 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 a Canadian 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 Canadian Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of Canadian Fronting Bank, Agent or any Canadian Lender, including any act or omission of a Governmental Authority. The rights and remedies of Canadian Fronting Bank under the Loan Documents shall be cumulative. Canadian Fronting Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any Canadian Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any Canadian Letters of Credit or Canadian LC Documents, Canadian Fronting Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by Canadian Fronting Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. Canadian Fronting 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. Canadian Fronting Bank may employ agents and attorneys-in-fact in connection with any matter relating to Canadian Letters of Credit or Canadian LC Documents, and shall not be liable for the negligence or misconduct of agents and attorneys-in-fact selected with reasonable care.

2.2.5 Canadian Reimbursement; Canadian Participations.

(a) If Canadian Fronting Bank honors any request for payment under a Canadian Letter of Credit, the Applicable Canadian Borrower shall pay to Canadian Fronting Bank, on the same day ("Canadian Reimbursement Date"), the amount paid by Canadian Fronting Bank under such Letter of Credit, together with interest at the interest rate for Canadian Prime Rate Loans (if the Canadian Letter of Credit was denominated in Canadian Dollars) and Canadian Base Rate Loans (if the Canadian Letter of Credit was denominated in Dollars), in each case, from the Canadian Reimbursement Date until payment by Canadian Borrower. The obligation of the Applicable Canadian Borrower to reimburse Canadian Fronting Bank for any payment made under a Canadian Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any Canadian Letter of Credit or the existence of any claim, setoff, defense or other right that the Applicable Canadian Borrower or Loan Parties may have at any time against the beneficiary. Whether or not the Initial Canadian Borrower submits a Notice of Borrowing, the Applicable Canadian Borrower shall be deemed to have requested a Borrowing of Canadian Prime Rate Loans or Canadian Base Rate Loans, as applicable, in an amount necessary to pay all amounts due Canadian Fronting Bank in the applicable currency on any Canadian Reimbursement Date and each Canadian 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.

(b) Upon issuance of a Canadian Letter of Credit, each Canadian Lender shall be deemed to have irrevocably and unconditionally purchased from Canadian Fronting Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all Canadian LC Obligations relating to the Canadian Letter of Credit. If Canadian Fronting Bank makes any payment under a Canadian Letter of Credit and the Applicable Canadian Borrower does not reimburse such payment on the Canadian Reimbursement Date, Agent shall promptly notify Canadian Lenders and each Canadian Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of Canadian Fronting Bank, the Canadian Lender's Pro Rata share of such payment. Upon request by a Canadian Lender, Canadian Fronting Bank shall furnish copies of any Canadian Letters of Credit and Canadian LC Documents in its possession at such time.

(c) The obligation of each Canadian Lender to make payments to Agent for the account of Canadian Fronting Bank in connection with Canadian Fronting Bank's payment under a Canadian Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, 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 Canadian 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 or defense that any Loan Party may have with respect to any Obligations. Canadian Fronting Bank does not assume any responsibility for any failure or delay in performance or any breach by any Canadian Borrower or other Person of any obligations under any Canadian LC Documents. Canadian Fronting Bank does not make to Canadian Lenders any express or implied warranty, representation or guarantee with respect to the Canadian Facility Collateral, Canadian LC Documents or any Canadian Domiciled Loan Party. Canadian Fronting Bank shall not be responsible to any Canadian Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any Canadian LC Documents; the validity, genuineness, enforceability, collectability, value or sufficiency of any Canadian Facility Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Canadian Facility Loan Party.

(d) No Canadian Fronting Bank Indemnitee shall be liable to any Loan Party or other Person for any action taken or omitted to be taken in connection with any Canadian LC Documents except as a result of the Canadian Fronting Bank's actual gross negligence, willful misconduct or bad faith, as determined by a final, nonappealable judgment of a court of competent jurisdiction. Canadian Fronting Bank shall not have any liability to any Lender if Canadian Fronting Bank refrains from any action under any Canadian Letter of Credit or Canadian LC Documents until it receives written instructions from Required Borrower Group Lenders of Canadian Borrowers.

2.2.6 Canadian Cash Collateral. If any Canadian 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 a Canadian Overadvance exists, (c) after the Canadian Revolver Commitment Termination Date, or (d) within five Business Days prior to the Facility Termination Date, then Canadian Borrowers shall, within one Business Day of Canadian Fronting Bank's or Agent's request, Cash Collateralize the stated amount of all outstanding Canadian Letters of Credit and pay to Canadian Fronting Bank the amount of all other Canadian LC Obligations. Canadian Borrowers shall, within one Business Day of demand by Canadian Fronting Bank or Agent from time to time, Cash Collateralize the LC Obligations of any Defaulting Lender that is a Canadian Lender. If Canadian Borrowers fail to provide any Cash Collateral as required hereunder, Canadian Lenders may (and shall upon direction of Agent) advance, as Canadian Revolver Loans, the amount of the Cash Collateral required (whether or not the Canadian Revolver Commitments have terminated, any Canadian Overadvance exists or would result therefrom or the conditions in Section 6 are satisfied).

2.3 Canadian Borrowers' Sublimit. Notwithstanding anything to the contrary contained in this Section 2, in no event shall any Canadian Borrower be entitled to receive a Canadian Revolver Loan or the issuance of a Canadian Letter of Credit if at the time of the proposed funding of such Canadian Revolver Loan or the issuance of such Canadian Letter of Credit (and after giving effect thereto and all pending requests for Canadian Revolver Loans and Canadian Letters of Credit by or on behalf of such Canadian Borrower), the sum of (a) the outstanding amount of all Canadian Revolver Loans made to such Canadian Borrower on such date and (b) the Canadian LC Obligations of such Canadian Borrower on such date exceeds the lesser of such Canadian Borrower's Canadian Borrowing Base (without giving effect to its allocable portion of the Canadian LC Reserve) or Applicable Canadian Borrower Commitment. In no event shall the aggregate Applicable Canadian Borrower Commitments for all Canadian Borrowers exceed the Canadian Revolver Commitments.

2.4 Obligations of the Canadian Domiciled Loan Party. Notwithstanding anything in this Agreement or any other Loan Document to the contrary, except as otherwise expressly agreed by the Agent and the Loan Party Agent, no Excluded Loan Party shall be liable or in any manner responsible for, or be deemed to have guaranteed, directly or indirectly, whether as a primary obligor, guarantor, indemnitor, or otherwise, and none of their assets shall secure, directly or indirectly, any U.S. Facility Secured Obligations (including, without limitation, principal, interest, fees, penalties, premiums, expenses, charges, reimbursements, indemnities or any other U.S. Facility Secured Obligations) under this Agreement or any other Loan Document.

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 U.S. Base Rate Loan, at the U.S. Base Rate in effect from time to time, plus the Applicable Margin; (ii) if a LIBOR Loan, at LIBOR for the applicable Interest Period, plus the Applicable Margin; (iii) if a Canadian Prime

Rate Loan, at the Canadian Prime Rate in effect from time to time, plus the Applicable Margin, (iv) if a Canadian Base Rate Loan, at the Canadian Base Rate in effect from time to time, plus the Applicable Margin, (v) if a Canadian BA Rate Loan, at the Canadian BA Rate for the applicable Interest Period, plus the Applicable Margin, (vi) if any other U.S. Facility Obligation that is then due and payable (including, to the extent permitted by law, interest not paid when due), at the U.S. Base Rate in effect from time to time, plus the Applicable Margin for U.S. Base Rate Loans; and (vii) if any other Canadian Facility Obligation that is then due and payable (including, to the extent permitted by law, interest not paid when due), at the Canadian Prime Rate in effect from time to time, plus the Applicable Margin for Canadian Prime Rate Loans. Interest shall accrue from the date the Loan is advanced or the Obligation becomes payable, until paid by the applicable Borrower(s). If a Loan is repaid on the same day made, one day's interest shall accrue.

(b) Interest on the Revolver Loans shall be payable in the currency (*i.e.*, Dollars or Canadian Dollars, as the case may be) of the underlying Revolver Loan.

(c) If all or a portion of (i) the principal amount of any Loan or (ii) any interest payable thereon shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest (including post-petition interest during the pendency of any Insolvency Proceeding) at a rate *per annum* that is (x) in the case of overdue principal, the Default Rate or (y) in the case of any overdue interest, to the extent permitted by applicable law, the Default Rate from and including the date of such non-payment to but excluding the date on which such amount is paid in full (after as well as before judgment). Payment or acceptance of the increased rates of interest provided for in this Section 3.1.1 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Agent or any Lender.

(d) Interest accrued on the Loans shall be due and payable in arrears, (i) for any U.S. Base Rate Loan, Canadian Base Rate Loan or Canadian Prime Rate Loan, quarterly on the first day of each January, April, July and October; (ii) for any LIBOR Loan or Canadian BA Rate Loan, on the last day of its Interest Period (and, if its Interest Period exceeds three months, at the end of each period of three months) and (iii) on any date of prepayment, with respect to the principal amount of Loans being prepaid. In addition, interest accrued on the Canadian Revolver Loans shall be due and payable in arrears on the Canadian Revolver Commitment Termination Date, and interest accrued on the U.S. Revolver Loans shall be due and payable in arrears on the U.S. Revolver 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 LIBOR to Outstanding Loans.

(a) Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation and the other terms hereof, elect to convert any portion of the U.S. Base Rate Loans or the Canadian Base Rate Loans, as applicable to, or to continue any LIBOR Loan at the end of its Interest Period as, a LIBOR Loan. During any Event of Default, Agent may (and shall at the direction of Required Borrower Group Lenders of the applicable Borrower Group) declare that no Loan may be made, converted or continued as a LIBOR Loan.

(b) Whenever Borrowers within a Borrower Group desire to convert or continue Loans as LIBOR Loans, Loan Party Agent shall give Agent a Notice of Conversion/Continuation, no later than 1:00 p.m. at least three Business Days prior to the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Applicable Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the 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 LIBOR Loans, Loan Party Agent shall have failed to deliver a Notice of Conversion/Continuation with respect thereto as required above, Borrowers shall be deemed to have elected to convert such Loans into U.S. Base Rate Loans (if owing by the U.S. Borrowers) or Canadian Base Rate Loans (if owing by any Canadian Borrower).

3.1.3 Application of Canadian BA Rate to Outstanding Loans.

(a) The Initial Canadian Borrower may on any Business Day, subject to delivery of a Notice of Conversion/Continuation and the other terms hereof, elect to convert any portion of the Canadian Prime Rate Loans, or to continue any Canadian BA Rate Loan at the end of its Interest Period as a Canadian BA Rate Loan; *provided*, *however*, that such Canadian BA Rate Loans may only be so converted at the end of the Interest Period applicable thereto. During any Event of Default, Agent may (and shall at the direction of Required Borrower Group Lenders of the Borrower Group that consists of the Canadian Borrowers) declare that no Loan may be made, converted or continued as a Canadian BA Rate Loan.

(b) Whenever the Initial Canadian Borrower desires to convert or continue Loans as Canadian BA Rate Loans, Loan Party Agent shall give Agent a Notice of Conversion/Continuation, no later than 1:00 p.m. at least three Business Days prior to the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Canadian Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the 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 Canadian BA Rate Loans, Loan Party Agent shall have failed to deliver a Notice of Conversion/Continuation with respect thereto as required above, the Initial Canadian Borrower shall be deemed to have elected to convert such Loans into Canadian Prime Rate Loans.

3.1.4 Interest Periods. In connection with the making, conversion or continuation of any LIBOR Loans or Canadian BA Rate Loans, Loan Party Agent, on behalf of the applicable Borrower(s), shall select an interest period to apply (the "Interest Period"), which interest period shall be a one, two, three, six (or if available to all Lenders as determined by such Lenders in good faith based upon prevailing market conditions) nine or twelve month period; *provided*, *however*, that:

(a) the Interest Period shall commence on the date the Loan is made or continued as, or converted into, a LIBOR Loan or Canadian BA Rate 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;

(c) 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

(d) no Interest Period shall extend beyond the Facility Termination Date (or, in the case of any Loan owing by any Canadian Borrower, the Canadian Revolver Commitment Termination Date, if earlier).

3.2 Fees.

3.2.1 Unused Line Fee.

(a) Canadian Borrowers shall pay to Agent, for the Pro Rata benefit of Canadian Lenders, a fee equal to .375% per annum times the average daily amount by which the Canadian Revolver Commitments exceed the Canadian Revolver Exposure during any month. Such fee shall be payable in arrears, on the first day of each month and on the Canadian Revolver Commitment Termination Date.

(b) U.S. Borrowers shall pay to Agent, for the Pro Rata benefit of U.S. Lenders, a fee equal to .375% per annum times the average daily amount by which the U.S. Revolver Commitments exceed the daily balance of U.S. Revolver Loans and stated amount of Letters of Credit during any month. Such fee shall be payable in arrears, on the first day of each month and on the U.S. Revolver Commitment Termination Date.

3.2.2 U.S. Letters of Credit Fees. U.S. Borrowers shall pay (a) to Agent, for the Pro Rata benefit of U.S. Lenders, a fee equal to the per annum rate of the Applicable Margin in effect for LIBOR Loans times the average daily stated amount of U.S. Letters of Credit, which fee shall be payable monthly in arrears, on the first day of each month; (b) to U.S. Fronting Bank, for its own account, a fronting fee equal to .125% per annum on the stated amount of each U.S. Letter of Credit, which fee shall be payable upon the issuance of such U.S. Letter of Credit and at the time of each renewal or extension of each U.S. Letter of Credit; and (c) to U.S. Fronting Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of U.S. Letters of Credit, which charges shall be paid as and when incurred.

3.2.3 Canadian Letters of Credit Fees. Each Applicable Canadian Borrower shall pay (a) to Agent, for the Pro Rata benefit of Canadian Lenders, a fee equal to the per annum rate of the Applicable Margin in effect for LIBOR Loans times the average daily stated amount of such Applicable Canadian Borrower's Canadian Letters of Credit, which fee shall be payable monthly in arrears, on the first day of each month; (b) to Canadian Fronting Bank, for its own account, a fronting fee equal to .125% per annum on the stated amount of each Canadian Letter of Credit, which fee shall be payable upon the issuance of such Canadian Letter of Credit and at the time of each renewal or extension of each Canadian Letter of Credit; and (c) to Canadian Fronting Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Canadian Letters of Credit, which charges shall be paid as and when incurred.

3.2.4 **Other Fees**. Borrowers shall pay such other fees as described in the Fee Letter.

3.3 **Computation of Interest, Fees, Yield Protection**. All 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 360 days, or, in the case of interest based on the Canadian Prime Rate or Canadian BA Rate, on the basis of a 365 day year. 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, refund or proration. All fees payable under Section 3.2 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, except to the extent such treatment is inconsistent with any Requirement of Law. A certificate setting forth in reasonable detail amounts payable by any Borrower under Section 3.4, 3.7 or 3.9 and the basis therefor, submitted to Loan Party Agent by Agent or the affected Lender or U.S. Fronting Bank or Canadian Fronting Bank, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 Business Days following receipt of the certificate. For the purposes of the *Interest Act* (Canada), the yearly rate of interest to which any rate calculated on the basis of a period of time different from the actual number of days in the year (360 days, for example) is equivalent is the stated rate multiplied by the actual number of days in the year (365 or 366, as applicable) and divided by the number of days in the shorter period (360 days, in the example), and the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not on any basis that gives effect to the principle of deemed reinvestment of interest.

3.4 **Reimbursement Obligations**. Borrowers within each Borrower Group shall reimburse Agent for all Extraordinary Expenses incurred by Agent in reference to such Borrower Group or its related Loan Party Group Obligations or Collateral of its related Loan Party Group. In addition to such Extraordinary Expenses, such Borrowers shall also reimburse Agent for all reasonable and documented legal, accounting, appraisal, and other reasonable and documented fees, costs and expenses, without duplication, incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral, including any actions taken to perfect or maintain priority of Agent's Liens on any such Collateral, to maintain any insurance required hereunder or to verify such Collateral; and (c) each inspection, audit or appraisal with respect to any Loan Party within such Borrowers' related Loan Party Group or Collateral securing such Loan Party Group's Obligations, whether prepared by Agent's personnel or a third party (subject to the limitations of Section 10.1.15). All legal and accounting fees incurred by Agent Professionals in reference to a Borrower's related Loan Party Group or its related Loan

Party Group Obligations or Collateral of such Borrower's related Loan Party Group shall be charged to Borrowers within such Borrower Group at the actual rate charged by such Agent Professionals; *provided* that Borrowers' obligation to reimburse Agent for legal fees shall be limited to the reasonable and documented legal fees and expenses of Vinson & Elkins LLP, counsel to Agent and Ogilvy Renault LLP, Canadian counsel to Agent and, if necessary, of one local counsel in each other relevant jurisdiction (which may include a local counsel acting in multiple jurisdictions). In addition to the Extraordinary Expenses of Agent, upon the occurrence and during the continuance of an Event Default, Borrowers shall reimburse Fronting Banks and Lenders for the reasonable and documented fees, charges and disbursements of one counsel for the Fronting Banks and Lenders, as a whole, in connection with the enforcement, collection or protection of their respective rights under the Loan Documents, including all such expenses incurred during any workout, restructuring or Insolvency Proceeding. If, for any reason (including inaccurate reporting on financial statements), it is determined that a higher Applicable Margin should have applied to a period than was actually applied, then the proper margin shall be applied retroactively and Borrowers shall pay to Agent, for the Pro Rata benefit of Lenders, an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid. All amounts payable by Borrowers under this Section 3.4 shall be due and payable in accordance with Section 3.3.

3.5 **Illegality**. If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Interest Period Loans, or to determine or charge interest rates based upon LIBOR or the Canadian BA Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, or Canadian Dollars through bankers' acceptances then, on notice thereof by such Lender to Agent, any obligation of such Lender to make or continue Interest Period Loans or to convert Floating Rate Loans to Interest Period Loans shall be suspended until such Lender notifies Agent that the circumstances giving rise to such determination no longer exist. Upon delivery of such notice, Borrowers of the affected Borrower Group shall prepay or, if applicable, convert all Interest Period Loans of such Lender to Floating Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Interest Period Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Interest Period Loans. Upon any such prepayment or conversion, Borrowers of the affected Borrower Group shall also pay accrued interest on the amount so prepaid or converted. If any Lender invokes this Section 3.5, such Lender shall use reasonable efforts to notify Loan Party Agent and Agent when the conditions giving rise to such action no longer exists, *provided*, *however*, that such Lender shall have no liability to Borrowers or to any other Person for its failure to provide such notice.

3.6 **Inability to Determine Rates**. If Required Lenders notify Agent for any reason in connection with a request for a Borrowing of, or conversion to or continuation of, an Interest Period Loan that (a) Dollar deposits or bankers' acceptances are not being offered to, as regards LIBOR, banks in the London interbank Eurodollar market or, as regards Canadian BA Rate, Persons in Canada, for the applicable amount and Interest Period of such Loan, (b) adequate and reasonable means do not exist for determining LIBOR or the Canadian BA Rate for the requested Interest Period, or (c) LIBOR or the Canadian BA Rate for the requested Interest Period does not adequately and fairly reflect the cost to such Lenders of funding such Loan, then

Agent will promptly so notify Loan Party Agent and each Applicable Lender. Thereafter, the obligation of the Applicable Lenders to make or maintain affected Interest Period Loans, shall be suspended until Agent (upon instruction by Required Lenders) revokes such notice. Upon receipt of such notice, Loan Party Agent may revoke any pending request for a Borrowing of, conversion to or continuation of an Interest Period Loan or, failing that, will be deemed to have submitted a request for a Floating Rate Loan. If any Lender invokes this Section 3.6, such Lender shall use reasonable efforts to notify Loan Party Agent and Agent when the conditions giving rise to such action no longer exists, *provided*, *however*, that such Lender shall have no liability to Borrowers or to any other Person for its failure to provide such notice.

3.7 Increased Costs; Capital Adequacy.

3.7.1 Change in Law. If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in LIBOR or the Canadian BA Rate), U.S. Fronting Bank or Canadian Fronting Bank; or

(b) impose on any Lender, U.S. Fronting Bank or Canadian Fronting Bank or the London interbank market any other condition, cost or expense affecting any Loan, Loan Document, U.S. Letter of Credit or participation in U.S. LC Obligations or Canadian Letter of Credit or participation in Canadian LC Obligations;

and the result thereof shall be to increase the cost to such Lender of making or maintaining any Interest Period Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, U.S. Fronting Bank or Canadian Fronting Bank of participating in, issuing or maintaining any U.S. Letter of Credit or Canadian Letter of Credit (or of maintaining its obligation to participate in or to issue any U.S. Letter of Credit or Canadian Letter of Credit, as applicable), or to reduce the amount of any sum received or receivable by such Lender, U.S. Fronting Bank or Canadian Fronting Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, U.S. Fronting Bank or Canadian Fronting Bank, the Borrower Group to which such Lenders, U.S. Fronting Bank or Canadian Fronting Bank has a Commitment shall pay to such Lender, U.S. Fronting Bank or Canadian Fronting Bank such additional amount or amounts as will compensate such Lender, U.S. Fronting Bank or Canadian Fronting Bank for such additional costs incurred or reduction suffered, in each case, in accordance with Section 3.3. For the avoidance of doubt, this Section 3.7.1 shall not apply to any Taxes.

3.7.2 Capital Adequacy. If any Lender, U.S. Fronting Bank or Canadian Fronting Bank determines that any Change in Law affecting such Lender, U.S. Fronting Bank or Canadian Fronting Bank or any Lending Office of such Lender or such Lender’s, U.S. Fronting Bank’s or Canadian Fronting Bank’s holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender’s, U.S. Fronting Bank’s, Canadian Fronting Bank’s or holding company’s capital as a consequence of this Agreement, or such Lender’s, U.S. Fronting Bank’s or Canadian Fronting Bank’s Commitments, Loans, U.S. Letters of Credit or participations in U.S. LC Obligations, Canadian Letters of Credit or participations in Canadian LC Obligations to a level below that which such Lender, U.S. Fronting Bank, Canadian Fronting Bank or holding company could have achieved but for such Change in Law (taking into consideration such Lender's, U.S. Fronting Bank's, Canadian Fronting Bank's and holding company's policies with respect to capital adequacy), then from time to time the Borrower Group to which such Lender, U.S. Fronting Bank or Canadian Fronting Bank has a Commitment will pay to such Lender, U.S. Fronting Bank or Canadian Fronting Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered, in each case, in accordance with Section 3.3.

3.7.3 <u>Compensation</u>. Failure or delay on the part of any Lender, U.S. Fronting Bank or Canadian Fronting Bank to demand compensation pursuant to this Section 3.7 shall not constitute a waiver of its right to demand such compensation, but Borrowers of a Borrower Group shall not be required to compensate a Lender to such Borrower Group, U.S. Fronting Bank or Canadian Fronting Bank for any increased costs incurred or reductions suffered more than six months prior to the date that the Lender, U.S. Fronting Bank or Canadian Fronting Bank notifies Loan Party Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's, U.S. Fronting Bank's or Canadian Fronting Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six month period referred to above shall be extended to include the period of retroactive effect thereof).

3.8 <u>Mitigation</u>. If any Lender gives a notice under Section 3.5 or requests compensation under Section 3.7, or if any Borrower is required to pay additional amounts or indemnity payments with respect to a Lender under Section 5.8, then such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender or unlawful. The Borrower or Borrowers of each affected Borrower Group shall pay all reasonable costs and expenses incurred by any Lender that has issued a Commitment to such Borrower Group in connection with any such designation or assignment.

3.9 <u>Funding Losses</u>. If for any reason (other than default by a Lender) (a) any Borrowing of, or conversion to or continuation of, an Interest Period 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 an Interest Period Loan occurs on a day other than the end of its Interest Period, or (c) any Borrower of either Borrower Group fails to repay an Interest Period Loan when required hereunder, then Borrowers of such Borrower Group 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, but excluding loss of margin. All amounts payable by Borrowers under this Section 3.9 shall be due and payable in accordance with Section 3.3. Lenders shall not be required to purchase Dollar deposits in the London interbank market or any other offshore Dollar market to fund any LIBOR Loan, but the provisions hereof shall be deemed to apply as if each Lender had purchased such deposits to fund its LIBOR Loans.

3.10 Maximum Interest. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law ("maximum rate"). If Agent or any Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the Obligations of the Borrower Group to which such excess interest relates or, if it exceeds such unpaid principal, refunded to such Borrower Group. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder. Without limiting the generality of the foregoing provisions of Section 3.10, if any provision of any of the Loan Documents would obligate any Canadian Domiciled Loan Party to make any payment of interest with respect to the Canadian Facility Obligations in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in the receipt of interest with respect to the Canadian Facility Obligations at a criminal rate (as such terms are construed under the Criminal Code (Canada)), then notwithstanding such provision, such amount or rates shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the applicable recipient of interest with respect to the Canadian Facility Obligations at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (i) first, by reducing the amount or rates of interest required to be paid by the Canadian Facility Loan Parties to the applicable recipient under the Loan Documents; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid by the Canadian Facility Loan Parties to the applicable recipient which would constitute interest with respect to the Canadian Facility Obligations for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if the applicable recipient shall have received an amount in excess of the maximum permitted by that section of the Criminal Code (Canada), then Canadian Facility Loan Parties shall be entitled, by notice in writing to Agent, to obtain reimbursement from the applicable recipient in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the applicable recipient to the applicable Canadian Facility Loan Party. Any amount or rate of interest with respect to the Canadian Facility Obligations referred to in this Section 3.10 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Canadian Revolver Loans to any Canadian Borrower remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro rated over that period of time and otherwise be pro rated over the period from the Closing Date to the date of Full Payment of the Canadian Facility Obligations, and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

SECTION 4. LOAN ADMINISTRATION

4.1 <u>Manner of Borrowing and Funding Loans</u>.

4.1.1 <u>Notice of Borrowing</u>.

(a) Whenever any Borrower within a Borrower Group desires funding of a Borrowing of Revolver Loans, the Loan Party Agent shall give Agent a Notice of Borrowing. Such notice must be received by Agent no later than 11:00 a.m. (i) on the Business Day of the requested funding date, in the case of Floating Rate Loans, (ii) at least three Business Days prior to the requested funding date, in the case of LIBOR Loans, and (iii) at least three Business Days prior to the requested funding date, in the case of Canadian BA Rate Loans. Notices received after 11:00 a.m. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) whether the Borrowing is to be made as a U.S. Base Rate Loan or a LIBOR Revolver Loan, in the case of a U.S. Borrower, or a Canadian Base Rate Loan, LIBOR Revolver Loan, Canadian Prime Rate Loan or Canadian BA Rate Loan, in the case of a Canadian Borrower, (D) in the case of Interest Period Loans, the duration of the applicable Interest Period (which shall be deemed to be one month if not specified) and (E) the Borrower Group Commitment under which such Borrowing is proposed to be made and, if such Borrowing is requested for a Canadian Borrower, the name of the Applicable Canadian Borrower and whether such Loan is to be denominated in Dollars or Canadian Dollars.

(b) Whenever any Borrower within a Borrower Group desires funding of a Borrowing of Swingline Loans, the Initial Canadian Borrower, in the case of Canadian Swingline Loans, or the Loan Party Agent, in the case of U.S. Swingline Loans shall give the Agent a Notice of Borrowing. Such notice must be received by the Agent no later than 11:00 a.m. on the Business Day of the requested funding date. Notices received after 11:00 a.m. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) whether the Borrowing is to be made as a Canadian Base Rate Loan or Canadian Prime Rate Loan, in the case of a Canadian Borrower, and (D) the Borrower Group Commitment under which such Borrowing is proposed to be made and, if such Borrowing is requested for a Canadian Borrower, the name of the Applicable Canadian Borrower and whether such Loan is to be denominated in Dollars or Canadian Dollars.

(c) Unless payment is otherwise timely made by each Borrower within a Borrower Group, the becoming due of any amount required to be paid with respect to any of the Obligations of the Loan Party Group to which such Borrower Group belongs (whether principal, interest, fees or other charges, including Extraordinary Expenses, U.S. LC Obligations, Canadian LC Obligations and Cash Collateral) shall be deemed to be a request for Revolver Loans by such Borrower Group on the due date, in the amount of such Obligations and shall bear interest at the per annum rate applicable hereunder to U.S. Base Rate Loans, in the case of such Obligations owing by any U.S. Facility Loan Party, or to Canadian Prime Rate Loans, in the case of such Obligations owing by a Canadian Domiciled Loan Party. The proceeds of such Revolver Loans shall be disbursed as direct payment of the relevant Obligation.

(d) If any Borrower within a Borrower Group establishes a controlled disbursement account with Bank of America or any branch or Affiliate of Bank of America, then the presentation for payment of any check, ACH or electronic debit or other payment item drawn on such account at a time when there are insufficient funds to cover it shall be deemed to be a request for Revolver Loans by such Borrower Group on the date of such presentation, in the amount of such payment item, and shall bear interest at the per annum rate applicable hereunder to U.S. Base Rate Loans, in the case of insufficient funds owing by any U.S. Facility Loan Party, or to Canadian Prime Rate Loans, in the case of insufficient funds owing by a Canadian Facility Loan Party. 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; Settlement.

(a) Each Applicable Lender shall timely honor its Borrower Group Commitment by funding its Pro Rata share of each Borrowing of Revolver Loans under such Borrower Group Commitment that is properly requested hereunder; *provided*, *however*, that no Lender shall be required to honor its Borrower Group Commitment by funding its Pro Rata share of any Borrowing that would cause the U.S. Revolver Loans to exceed the U.S. Borrowing Base or the Canadian Revolver Loans to exceed the Total Canadian Borrowing Base, as applicable. Agent shall endeavor to notify the Applicable Lenders of each Notice of Borrowing (or deemed request for a Borrowing) by 12:00 noon on the proposed funding date for Floating Rate Loans or by 11:00 a.m. at least two Business Days before any proposed funding of Interest Period Loans. Each Applicable 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. on the requested funding date, unless Agent's notice is received after the times provided above, in which event each Applicable Lender shall fund its Pro Rata share by 11:00 a.m. on the next Business Day. Subject to its receipt of such amounts from the Applicable Lenders, Agent shall disburse the proceeds of the Revolver Loans as directed by Loan Party Agent. Unless Agent shall have received (in sufficient time to act) written notice from an Applicable Lender that it does not intend to fund its Pro Rata share of a Borrowing, Agent may assume that such Applicable Lender has deposited or promptly will deposit its share with Agent, and Agent may disburse a corresponding amount to the Borrower or Borrowers within such Borrower Group. If an Applicable Lender's share of any Borrowing is not received by Agent, then the Borrower or Borrowers within the Borrower Group agree 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. Notwithstanding the foregoing, the Agent may, in its discretion, fund any request for a Borrowing of Canadian Revolver Loans or U.S. Revolver Loans as Canadian Swingline Loans or U.S. Swingline Loans, as applicable.

(b) To facilitate administration of the Revolver Loans, the Lenders, the Swingline Lenders and the Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by any Borrower or any other Loan Party) that settlement among them with respect to Swingline Loans and other Revolver Loans may take place on a date determined from time to time by the Agent, which shall occur at least once every five Business Days with respect to Swingline Loans and any other Revolver Loans. On each settlement date, settlement shall be made with each Lender in accordance with the Settlement Report delivered by the Agent to the Lenders. Between settlement dates, the Agent may in its discretion apply payments on

Revolver Loans to Swingline Loans, regardless of any designation by Loan Party Agent or any Borrower or any provision herein to the contrary. Each Lender's obligation to make settlements with the Agent is absolute and unconditional, without offset, counterclaim or other defense, and whether or not the Commitments have terminated, an Overadvance exists or the conditions in Section 6 are satisfied. If, due to an Insolvency Proceeding with respect to any Borrower or any other Loan Party or otherwise, any Swingline Loan may not be settled among the Lenders hereunder, then each Applicable Lender shall be deemed to have purchased from the applicable Swingline Lender a Pro Rata participation in each unpaid U.S. Swingline Loan or Canadian Swingline Loan, as applicable, and shall transfer the amount of such participation to the applicable Swingline Lender, in immediately available funds, within one Business Day after the Agent's request therefor.

4.1.3 **Notices**. Each Borrower authorizes the Agent and Lenders to extend Loans, convert or continue Revolver Loans, effect selections of interest rates, and transfer funds to or on behalf of applicable Borrowers based on telephonic or e-mailed instructions by the Loan Party Agent to the Agent. The Loan Party Agent shall confirm each such request by reasonably prompt delivery to the 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 the Agent or Lenders, the records of the Agent and Lenders shall govern. Neither the Agent nor any Lender shall have any liability for any loss suffered by a Borrower as a result of the Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by the Agent or any Lender to be a person authorized to give such instructions on the Loan Party Agent's behalf.

4.2 **Defaulting Lender**.

4.2.1 **Reallocation of Pro Rata Share; Amendments**. For purposes of determining Lenders' obligations to fund or participate in Loans or Letters of Credit, the Agent may exclude the Commitments and Loans of any Defaulting Lender from the calculation of Pro Rata shares. A Defaulting Lender shall have no right to vote on any amendment, waiver or other modification of a Loan Document, except as provided in Section 14.1.1(c).

4.2.2 **Payments; Fees**. The Agent may, in its discretion, receive and retain any amounts payable to a Defaulting Lender under the Loan Documents, and a Defaulting Lender shall be deemed to have assigned to the Agent such amounts until all Obligations owing to the Agent, non-Defaulting Lenders and other Secured Parties have been paid in full. The Agent may apply such amounts to the Defaulting Lender's defaulted obligations, use the funds to Cash Collateralize such Lender's LC Obligations, or readvance the amounts to Borrowers hereunder. A Lender shall not be entitled to receive any fees accruing hereunder during the period in which it is a Defaulting Lender, and the unfunded portion of its Commitment shall be disregarded for purposes of calculating the unused line fee under Section 3.2.1. If any LC Obligations owing to a Defaulting Lender are reallocated to other Lenders, fees attributable to such LC Obligations under Section 3.2.2 or Section 3.2.3 shall be paid to such Lenders. Notwithstanding anything to the contrary in this Section 4.2.2, the LC Obligations owing to a Defaulting Lender may be reallocated to the other Lenders only to the extent that such reallocation does not cause the U.S. Revolver Exposure and/or the Canadian Revolver Exposure, as applicable, of any non-Defaulting Lender to exceed such non-Defaulting Lender's

Commitment The Agent shall be paid all fees attributable to LC Obligations that are not reallocated.

4.2.3 **<u>Cure</u>**. Borrowers, the Agent and each Fronting Bank may agree in writing that a Lender is no longer a Defaulting Lender. At such time, Pro Rata shares shall be reallocated without exclusion of such Lender's Commitment and Loans, and all outstanding Revolver Loans, LC Obligations and other exposures under the Commitments shall be reallocated among Lenders and settled by the Agent (with appropriate payments by the reinstated Lender) in accordance with the readjusted Pro Rata shares. Unless expressly agreed by Borrowers, the Agent and each Fronting Bank, no reinstatement of a Defaulting Lender shall constitute a waiver or release of claims against such Lender. The failure of any Lender to fund a Loan, to make a payment in respect of LC Obligations or otherwise to perform its obligations hereunder shall not relieve any other Lender of its obligations, and no Lender shall be responsible for default by another Lender.

4.3 **<u>Number and Amount of Interest Period Loans; Determination of Rate</u>**. For ease of administration, all Interest Period Loans of the same Type to a Borrower Group having the same length and beginning date of their Interest Periods and the same currency shall be aggregated together, and such Loans shall be allocated among the Applicable Lenders on a Pro Rata basis. With respect to U.S. Borrowers, no more than six (6) Borrowings of LIBOR Loans may be outstanding at any time, and each Borrowing of LIBOR Loans when made, continued or converted shall be in a minimum amount of $1,000,000, or an increment of $100,000 in excess thereof. With respect to Canadian Borrowers, no more than six (6) Borrowings of Interest Period Loans may be outstanding at any time, and each Borrowing of Interest Period Loans when made, continued or converted shall be in a minimum amount of $1,000,000 in the case of LIBOR Loans, or an increment of $100,000 in excess thereof, or Cdn$1,000,000 in the case of Canadian BA Rate Loans, or an increment of Cdn$100,000 in excess thereof. Upon determining LIBOR or the Canadian BA Rate for any Interest Period requested by Borrowers within a Borrower Group, Agent shall promptly notify Loan Party Agent thereof by telephone or electronically and, if requested by Loan Party Agent, shall confirm any telephonic notice in writing.

4.4 **<u>Loan Party Agent</u>**. Each Loan Party hereby designates MRC ("<u>Loan Party Agent</u>") as its representative and agent for all purposes under the Loan Documents, including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, preparation and delivery of any Borrowing Base and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent, any U.S. Fronting Bank, any Canadian Fronting Bank or any Lender. Loan Party Agent hereby accepts such appointment. Agent and any Lender shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any Notice of Borrowing) delivered by Loan Party Agent on behalf of any Loan Party. Agent and any Lender may give any notice or communication with a Loan Party hereunder to Loan Party Agent on behalf of such Loan Party. Each of Agent, any U.S. Fronting Bank, any Canadian Fronting Bank and any Lender shall have the right, in its discretion, to deal exclusively with Loan Party Agent for any or all purposes under the Loan Documents. Each Loan Party agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Loan Party Agent shall be binding upon and enforceable against it.

4.5 **One Obligation**. Without in any way limiting any Guarantee of the Secured Obligations, the U.S. Facility Secured Obligations owing by each U.S. Facility Loan Party shall constitute one general obligation of the U.S. Facility Loan Parties and (unless otherwise expressly provided in any Credit Document) shall be secured by Agent's Lien upon all Collateral of each U.S. Facility Loan Party; *provided*, *however*, that each Credit Party shall be deemed to be a creditor of, and the holder of a separate claim against, each U.S. Facility Loan Party to the extent of any U.S. Facility Secured Obligations owed by such U.S. Facility Loan Party to such Credit Party.

4.6 **Effect of Termination**. On the effective date of any termination of the Commitments, all Obligations shall be immediately due and payable, and any Lender may terminate its and its Affiliates' Bank Products (including, only with the consent of Agent, any Cash Management Services). All undertakings of Loan Parties contained in the Loan Documents shall survive, 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 Secured Obligations. Notwithstanding Full Payment of the Secured 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 dishonor or return of Payment Items applied to Secured Obligations, Agent receives (a) a written agreement, executed by the Loan Party Agent and any Person whose advances are used in whole or in part to satisfy the Secured Obligations, indemnifying Agent and Lenders from any such damages; or (b) such Cash Collateral as Agent, in its reasonable discretion, deems necessary to protect against any such damages. Sections 2.2, 3.4, 3.6, 3.7, 3.9, 5.4, 5.8, 5.9, 12, 14.2 and this Section 4.6, and the obligation of each Loan Party and Lender with respect to each indemnity given by it in any Loan Document, shall survive Full Payment of the Secured Obligations and any release relating to this credit facility.

SECTION 5. PAYMENTS

5.1 **General Payment Provisions**. All payments of Obligations shall be made without offset, counterclaim or defense of any kind, and in immediately available funds, not later than 1:00 p.m. on the due date. Any payment after such time shall be deemed made on the next Business Day. 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 an Interest Period Loan prior to the end of its Interest Period shall be accompanied by all amounts due under Section 3.9. Any prepayment of Loans to a Borrower Group shall be applied first to Floating Rate Loans of such Borrower Group and then to Interest Period Loans of such Borrower Group; *provided*, *however*, that as long as no Default or Event of Default exists, prepayments of Interest Period Loans may, at the option of Borrowers of the applicable Borrower Group and Agent, be held by Agent as Cash Collateral and applied to such Loans at the end of their Interest Periods. All payments with respect to any U.S. Facility Obligations shall be made in Dollars and all payments with respect to any Canadian Facility Obligations shall be made in Canadian Dollars or, if any portion of such Canadian Facility Obligations is denominated in Dollars, then in Dollars.

5.2 **Repayment of Obligations**. All Canadian Facility Obligations shall be immediately due and payable in full on the Canadian Revolver Commitment Termination Date and all U.S. Facility Obligations shall be immediately due and payable in full on the U.S. Revolver Commitment Termination Date, in each case, unless payment of such Obligations is sooner required hereunder. Revolver Loans may be prepaid from time to time, without penalty or premium, subject to, in the case of Interest Period Loans, the payment of costs set forth in Section 3.9. Notwithstanding anything herein to the contrary, if an Overadvance exists, Borrowers of the Borrower Group owing such Overadvance shall, on the sooner of Agent's demand or the first Business Day after any Borrower of such Borrower Group has knowledge thereof, repay the outstanding Loans in an amount sufficient to reduce the principal balance of the related Overadvance Loan to zero.

5.3 Payment of Other Obligations. Obligations shall be paid by Borrowers as provided in the Loan Documents or, if no payment date is specified, within 10 Business Days of demand by Agent therefor.

5.4 Marshaling; Payments Set Aside. None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Loan Party or against any Obligations. If any payment by or on behalf of any Borrower or Borrowers is made to Agent, U.S. Fronting Bank, Canadian Fronting Bank or any Lender, or Agent, U.S. Fronting Bank, Canadian Fronting Bank or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, U.S. Fronting Bank, Canadian Fronting Bank or such Lender in its discretion) to be repaid to a Creditor Representative or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff 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 Secured Obligations, whether arising from payments by or on behalf of any Loan Party, realization on Collateral, setoff or otherwise, shall be allocated as follows:

(a) with respect to monies, payments, Property or Collateral of or from any U.S. Facility Loan Parties:

(i) first, to all costs and expenses, including Extraordinary Expenses, owing to Agent, to the extent owing by any U.S. Domiciled Loan Party;

(ii) second, to all amounts owing to U.S. Swingline Lender on U.S. Swingline Loans;

(iii) third, to all amounts owing to any U.S. Fronting Bank on U.S. LC Obligations;

(iv) fourth, to all U.S. Facility Obligations constituting fees owing by the U.S. Facility Loan Parties (exclusive of any such amounts owing by the Canadian Domiciled Loan Parties which are guaranteed by the U.S. Domiciled Loan Parties);

(v) fifth, to all U.S. Facility Obligations constituting interest owing by the U.S. Facility Loan Parties (exclusive of any such amounts owing by the Canadian Domiciled Loan Parties which are guaranteed by the U.S. Domiciled Loan Parties);

(vi) sixth, to Cash Collateralization of U.S. LC Obligations;

(vii) seventh, to all U.S. Revolver Loans;

(viii) eighth, to all other U.S. Facility Secured Obligations (exclusive of any such amounts owing by the Canadian Domiciled Loan Parties which are guaranteed by the U.S. Domiciled Loan Parties); and

(ix) ninth, to be applied in accordance with clause (b) below, to the extent there are insufficient funds for the Full Payment of all Secured Obligations owing by the Canadian Domiciled Loan Parties.

(b) with respect to monies, payments, Property or Collateral of or from any Canadian Domiciled Loan Parties, together with any allocations pursuant to subclause (ix) of clause (a) above:

(i) first, to all costs and expenses, including Extraordinary Expenses, owing to Agent, to the extent owing by any Canadian Domiciled Loan Party;

(ii) second, to all amounts owing to Canadian Swingline Lender on Canadian Swingline Loans;

(iii) third, to all amounts owing to any Canadian Fronting Bank on Canadian LC Obligations;

(iv) fourth, to all Canadian Facility Obligations constituting fees;

(v) fifth, to all Canadian Facility Obligations constituting interest;

(vi) sixth, to Cash Collateralization of Canadian LC Obligations

(vii) seventh, to all Canadian Revolver Loans; and

(viii) eighth, to all other Canadian Facility Secured Obligations.

Amounts shall be applied to each category of Secured Obligations set forth within subsection (a) or (b) above, as applicable, 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 Secured Obligations in the category. Amounts distributed with respect to any Secured Bank Product Obligations shall be the lesser of the maximum Secured Bank Product Obligations last reported to Agent or the actual Secured Bank Product Obligations 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 Secured Bank Product Obligations, and may request a reasonably detailed calculation of such amount from the applicable Secured Party. If a Secured Party fails to deliver such calculation within five days following request by Agent, Agent may assume the amount to be distributed is zero. The allocations set forth in this Section 5.5.1 are solely to determine the rights and priorities of Agent and Secured Parties as among themselves, and any allocation within subsection (a) or (b) of proceeds of the realization of Collateral may be changed by agreement among them without the consent of any Loan Party. This Section 5.5.1 is not for the benefit of or enforceable by any Borrower. Notwithstanding the preceding two sentences and anything else to the contrary set forth in any of the Loan Documents, (i) all payments by or on behalf of any Canadian Facility Loan Party or in respect of any Canadian Facility Secured Obligations shall be applied only to the Canadian Facility Secured Obligations, and (ii) all payments by or on behalf of any U.S. Facility Loan Party or in respect of any U.S. Facility Secured Obligations shall be applied first to U.S. Facility Secured Obligations then due until paid in full and then to all other Secured Obligations until paid in full.

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**. The ledger balance in the main Dominion Account of each Borrower Group as of the end of a Business Day shall be applied to the Loan Party Group Obligations of such Borrower Group at the beginning of the next Business Day during the existence of any Cash Dominion Event. If, as a result of such application, a credit balance exists, the balance shall not accrue interest in favor of Borrowers and shall be made available to Borrowers of the applicable Borrower Group as long as no Event of Default exists. Each Borrower 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; *provided*, *however*, that, unless an Event of Default has occurred and is continuing, Agent shall not apply any payments to any Interest Period Loans prior to the last day of the applicable Interest Period.

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 Obligations of Borrowers within each Borrower Group resulting from each Loan made to such Borrowers or issuance of a Letter of Credit for the account of Borrowers 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 any Borrower to pay any amount owing hereunder. Agent may maintain a single Loan Account in the name of Loan Party Agent, and each U.S. Borrower confirms that such arrangement shall have no effect on the joint and several character of its liability for the Secured Obligations including its guarantee of the Secured Obligations of the Canadian Borrowers.

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 45 days after receipt or inspection that specific information is subject to dispute.

5.8 Taxes.

5.8.1 Payments Free of Taxes. All payments by or on behalf of any Loan Party of Obligations shall be free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes, unless required by Applicable Law. If Applicable Law requires any Loan Party or Agent to withhold or deduct any Indemnified Taxes or Other Taxes, the withholding or deduction shall be based on Applicable Law and the information provided pursuant to Section 5.9, and the applicable Loan Party or Agent shall pay the amount withheld or deducted to the relevant Governmental Authority. If the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by Borrowers shall be increased so that Agent, Lender, U.S. Fronting Bank or Canadian Fronting Bank, as applicable, receives an amount equal to the sum it would have received if no such withholding or deduction (including deductions applicable to additional sums payable under this Section 5.8.1) had been made. Without limiting the foregoing, Borrowers shall timely pay all Other Taxes to the relevant Governmental Authorities.

5.8.2 Payment. Borrowers shall indemnify, hold harmless and reimburse (within 10 days after written demand therefor) Agent, Applicable Lenders and, in the case of U.S. Borrowers, U.S. Fronting Bank, and, in the case of each Canadian Borrower, Canadian Fronting Bank, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes and Other Taxes attributable to amounts payable under this Section 5.8.2) paid by Agent, any Applicable Lender or, in the case of the U.S. Borrowers, U.S. Fronting Bank, or, in the case of each Canadian Borrower, Canadian Fronting Bank, with respect to any Obligations of such Borrower's Borrower Group, U.S. Letters of Credit (in the case of U.S. Borrowers), Canadian Letters of Credit (in the case of Canadian Borrowers) or Loan Documents (to the extent relating to Obligations), whether or not such Taxes were properly asserted by the relevant Governmental Authority, and including all penalties, interest and reasonable expenses relating thereto. A certificate setting forth in reasonable detail the amount and basis for calculation of any such payment or liability delivered to Loan Party Agent by Agent, or by an Applicable Lender, U.S. Fronting Bank or Canadian Fronting Bank (with a copy to Agent), shall be conclusive, absent manifest error and all amounts payable by Borrowers under this Section 5.8.2 shall be due in accordance with Section 3.3. As soon as reasonably practicable after any payment of Indemnified Taxes or Other Taxes by a Borrower, Loan Party Agent shall deliver to Agent a receipt from the Governmental Authority or other evidence of payment reasonably satisfactory to Agent.

5.8.3 Treatment of Certain Refunds. If Agent, any Lender, U.S. Fronting Bank or Canadian Fronting Bank shall become aware that it is entitled to claim a refund or credit from a Governmental Authority in respect of any Indemnified Tax or Other Taxes as to which is has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 5.8, the Agent, such Lender, U.S. Fronting Bank or Canadian Fronting Bank, as applicable, shall promptly notify such Borrower of the availability of such refund claim and, if the Agent, such Lender, U.S. Fronting Bank or Canadian Fronting Bank determines in good faith that making a claim for refund will not have a material adverse effect on its Taxes or business operations, shall, within 60 days after receipt of a request by such Borrower, make a claim to such Governmental Authority for such refund. If Agent, a Lender, any U.S. Fronting Bank or Canadian Fronting Bank determines, in its sole discretion, that it has received a refund of any Indemnified Tax or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 5.8, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrowers under this Section 5.8 with respect to the Indemnified Tax or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent, such Lender, U.S. Fronting Bank or Canadian Fronting Bank, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that Borrowers agree in writing to repay the amount paid over to Borrowers (plus interest attributable to the period during which the Borrowers held such funds) to Agent, such Lender, U.S. Fronting Bank or Canadian Fronting Bank in the event that Agent, such Lender, U.S. Fronting Bank or Canadian Fronting Bank is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require Agent, any Lender, U.S. Fronting Bank or Canadian Fronting Bank to make available its tax returns (or any other information relating to its taxes) to any Borrower or any other Person.

5.9 Lender Tax Information.

5.9.1 Generally. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which an Loan Party is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments under any Loan Document shall deliver to Agent and Loan Party Agent, at the time or times prescribed by Applicable Law or reasonably requested by Agent or Loan Party Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by Agent or Loan Party Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Agent or Loan Party Agent as will enable Agent and Loan Party Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

5.9.2 U.S. Borrowers. If a Borrower is resident for tax purposes in the United States, any Lender that is a "United States person" within the meaning of section 7701(a)(30) of the Code shall deliver to Agent and Loan Party Agent IRS Form W-9 or such other documentation or information prescribed by Applicable Law or reasonably requested by Agent or Loan Party Agent to determine whether such Lender is subject to information reporting requirements and to establish that such Lender is not subject to backup withholding. If any Foreign Lender is entitled to any exemption from or reduction of withholding tax for payments with respect to the U.S. Facility Obligations, it shall deliver to Agent and Loan Party Agent, on or prior to the date on which it becomes a Lender hereunder (and from time to time thereafter upon request by Agent or Loan Party Agent, but only if such Foreign Lender is legally entitled to do so) two original executed copies of, (a) IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party; (b) IRS Form W-8ECI; (c) IRS Form W-8IMY and all required supporting documentation (including, a certificate in the form of **Exhibit J-2** (a "Non-Bank Certificate") applicable to a partnership, if applicable); (d) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 871(h) or section 881(c) of the Code, IRS Form W-8BEN and a Non-Bank Certificate in the form of **Exhibit J-1** or **Exhibit J-2**, as applicable; and/or (e) any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in withholding tax, together with such supplementary documentation as may be necessary to allow Agent and U.S. Borrowers to determine the withholding or deduction required to be made.

5.9.3 Lender Obligations. Each Applicable Lender, U.S. Fronting Bank and Canadian Fronting Bank shall promptly notify Loan Party Agent and Agent of any change in circumstances that would change any claimed Tax exemption or reduction. Each Applicable Lender, U.S. Fronting Bank and Canadian Fronting Bank, in each case, severally and not jointly with any other Applicable Lender, U.S. Fronting Bank and/or Canadian Fronting Bank, shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) affected Borrowers of the Borrower Group to which such Lender, U.S. Fronting Bank or Canadian Fronting Bank has issued a Commitment and Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable and documented attorneys' fees limited to the fees, disbursements and other charges or one primary counsel and one local counsel in each relevant jurisdiction) incurred by or asserted against such affected Borrower of such Borrower Group or Agent by any Governmental Authority due to such Applicable Lender's, U.S. Fronting Bank's or Canadian Fronting Bank's failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this Section. Each Applicable Lender, U.S. Fronting Bank and Canadian Fronting Bank authorizes Agent to set off any amounts due to Agent under this Section against any amounts payable to such Applicable Lender, U.S. Fronting Bank or Canadian Fronting Bank under any Loan Document. If a payment made to Agent, a Lender or a Fronting Bank under any Loan Document would be subject to United States withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA, Agent, such Lender or such Fronting Bank shall deliver to the Borrowers and the Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrowers or Agent such documentation prescribed by Applicable Law and such additional documentation reasonably requested by the Borrowers or Agent as may be necessary for the Borrowers and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with its obligations under such sections, or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 5.9.3, "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

5.10 Guarantee by U.S. Facility Loan Parties.

5.10.1 Joint and Several Liability. Each U.S. Domiciled Loan Party agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Secured Obligations and all agreements of each other Loan Party under the Credit Documents. Each U.S. Domiciled Loan Party agrees that its guarantee obligations as a U.S. Facility Guarantor and as a Canadian Facility Guarantor hereunder constitute a continuing guarantee of payment and not of collection, that such guarantee obligations shall not be discharged until Full Payment of the Secured Obligations, and that such guarantee obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Secured Obligations or Credit Document, or any other document, instrument or agreement to which any Loan Party is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section 5.10) or any other Credit Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guarantee for the Secured Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guarantee); (d) the insolvency of any Loan Party; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 1111(b)(2) of the U.S. Bankruptcy Code; (f) any borrowing or grant of a Lien by any other Loan Party, as debtor-in-possession under Section 364 of the U.S. Bankruptcy Code or otherwise; (g) the disallowance of any claims of Agent or any Lender against any Loan Party for the repayment of any Secured Obligations under Section 502 of the U.S. Bankruptcy Code or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of all Secured Obligations.

5.10.2 Waivers.

(a) Each U.S. Domiciled Loan Party hereby expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Loan Party, other Person or security for the payment or performance of any Secured Obligations before, or as a condition to, proceeding against such Loan Party. To the extent permitted by Applicable Law, each U.S. Domiciled Loan Party waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Secured Obligations. It is agreed among each U.S. Domiciled Loan Party, Agent and Lenders that the provisions of this Section 5.10 are of the essence of the transaction contemplated by the Credit Documents and that, but for such provisions, Agent and Lenders would decline to make Loans and issue Letters of Credit. Each U.S. Domiciled Loan Party acknowledges that its guarantee pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon the Collateral by judicial foreclosure or non judicial sale or enforcement, to the extent permitted under Applicable Law, without affecting any rights and remedies under this Section 5.10. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any U.S. Domiciled Party or other Person, whether because of any Applicable Laws pertaining to “election of remedies” or otherwise, each U.S. Domiciled Loan Party consents to such action and, to the extent permitted under Applicable Law, waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any U.S. Domiciled Loan Party might otherwise have had. To the extent permitted under Applicable Law, 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 U.S. Domiciled Loan Party shall not impair any other U.S. Domiciled Loan Party's obligation to pay the full amount of the Secured Obligations. To the extent permitted under Applicable Law, each U.S. Domiciled Loan Party waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Secured Obligations, even though that election of remedies destroys such U.S. Domiciled Loan Party's rights of subrogation against any other Person. To the extent permitted under Applicable Law, Agent may bid all or a portion of the Secured Obligations at any foreclosure or trustee's sale or at any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the Secured Obligations in accordance with the terms of this Agreement. To the extent permitted under Applicable Law, 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 Secured Obligations shall be conclusively deemed to be the amount of the Secured Obligations guaranteed under this Section 5.10, 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.

5.10.3 Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each U.S. Domiciled Loan Party's liability under this Section 5.10 shall be limited to the greater of (i) all amounts for which such U.S. Domiciled Loan Party is primarily liable, as described below, and (ii) such U.S. Domiciled Loan Party's Allocable Amount.

(b) If any U.S. Domiciled Loan Party makes a payment under this Section 5.10 of any Secured Obligations (other than amounts for which such U.S. Domiciled Loan Party is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other U.S. Domiciled Loan Party, exceeds the amount that such U.S. Domiciled Loan Party would otherwise have paid if each U.S. Domiciled Loan Party had paid the aggregate Secured Obligations satisfied by such Guarantor Payments in the same proportion that such U.S. Domiciled Loan Party's Allocable Amount bore to the total Allocable Amounts of all U.S. Domiciled Loan Parties, then such U.S. Domiciled Loan Party shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other U.S. Domiciled Loan Party for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any U.S. Domiciled Loan Party shall be the maximum amount that could then be recovered from such U.S. Domiciled Loan Party under this Section 5.10 without rendering such payment voidable under Section 548 of the U.S. Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(c) Nothing contained in this Section 5.10 shall limit the liability of any Loan Party to pay Loans made directly or indirectly to that Loan Party (including Loans advanced to any other Loan Party and then re-loaned or otherwise transferred to, or for the benefit of, such Loan Party), U.S. LC Obligations relating to U.S. Letters of Credit issued to support such Loan Party's business (in the case of a U.S. Borrower), Canadian LC Obligations relating to Canadian

Letters of Credit issued to support such Loan Party's business (in the case of a Canadian Borrower), and all accrued interest, fees, expenses and other related Secured Obligations with respect thereto, for which such Loan Party shall be primarily liable for all purposes hereunder.

5.10.4 **Joint Enterprise**. Each Borrower has requested that Agent and Lenders make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. Borrowers and Guarantors make up a related organization of various entities constituting a single economic and business enterprise so that Borrowers and Guarantors share an identity of interests such that any benefit received by any one of them benefits the others. Borrowers and Guarantors render services to or for the benefit of the other Borrowers and/or Guarantors, as the case may be, purchase or sell and supply goods to or from or for the benefit of the others, make loans, advances and provide other financial accommodations to or for the benefit of the other Borrowers and Guarantors (including inter alia, the payment by Borrowers and Guarantors of creditors of the other Borrowers or Guarantors and guarantees by Borrowers and Guarantors of indebtedness of the other Borrowers and Guarantors and provide administrative, marketing, payroll and management services to or for the benefit of the other Borrowers and Guarantors). Borrowers and Guarantors have centralized accounting and legal services, certain common officers and directors and generally do not provide consolidating financial statements to creditors. Borrowers acknowledge and agree that Agent's and Lenders' willingness to extend credit to Borrowers and to administer the Collateral on a combined basis, as set forth herein, is done solely as an accommodation to Borrowers and at Borrowers' request.

5.10.5 **Subordination**. Each Loan Party hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Loan Party, howsoever arising, to the Full Payment of all Secured Obligations.

5.11 **Currency Matters**. Dollars are the currency of account and payment for each and every sum at any time due from Borrowers hereunder unless otherwise specifically provided in this Agreement, any other Loan Document or otherwise agreed to by Agent.

5.11.1 Each repayment of a Revolver Loan, U.S. LC Obligation or Canadian LC Obligation or a part thereof shall be made in the currency in which such Revolver Loan, U.S. LC Obligation or Canadian LC Obligation is denominated at the time of that repayment;

5.11.2 Each payment of interest shall be made in the currency in which the principal or other sum in respect of which such interest is denominated;

5.11.3 Each payment of fees by a U.S. Borrower pursuant to Section 3.2 shall be in Dollars;

5.11.4 Each payment of fees by a Canadian Borrower pursuant to Section 3.2 shall be in Canadian Dollars;

5.11.5 Each payment in respect of Extraordinary Expenses and any other costs, expenses and indemnities shall be made in the currency in which the same were incurred by the party to whom payment is to be made; and

5.11.6 Any amount expressed to be payable in Canadian Dollars shall be paid in Canadian Dollars.

No payment to any Credit Party (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Loan Party in respect of which it was made unless and until such Credit Party shall have received Full Payment in the currency in which such obligation or liability is payable pursuant to the above provisions of this Section 5.11. To the extent that the amount of any such payment shall, on actual conversion into such currency, fall short of such obligation or liability actual or contingent expressed in that currency, such Loan Party (together with the other Loan Parties within its Loan Party Group or other obligors pursuant to any Guarantee of the Obligations of such Loan Party Group) agrees to indemnify and hold harmless such Credit Party, with respect to the amount of the shortfall with respect to amounts payable by such Loan Party hereunder, with such indemnity surviving the termination of this Agreement and any legal proceeding, judgment or court order pursuant to which the original payment was made which resulted in the shortfall. To the extent that the amount of any such payment to a Credit Party shall, upon an actual conversion into such currency, exceed such obligation or liability, actual or contingent, expressed in that currency, such Credit Party shall return such excess to the members of the affected Borrower Group.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions Precedent to Initial Loans. In addition to the conditions set forth in Section 6.2, Lenders shall not be required to fund any requested Loan, issue any Letter of Credit, or otherwise extend credit to Borrowers hereunder, until the date ("Closing Date") on which each of the following conditions has been satisfied (and with respect to deliveries of Loan Documents, each such delivery shall be fully-executed (where applicable) and in form and substance reasonably satisfactory to the Agent and its counsel):

(a) Loan Documents. Notes shall have been executed by each Borrower within a Borrower Group and delivered to each Applicable Lender that requests issuance of a Note at least three Business Days prior to the Closing Date. Each other Loan Document shall have been duly executed (where applicable) by each of the signatories thereto and delivered to the Agent, and each Loan Party shall be in compliance with all terms thereof.

(b) Deposit Account Control Agreements. Except as provided for on **Schedule 10.1.16(c)**, Agent shall have received evidence of the establishment of each Dominion Account and related lockboxes, together with fully-executed Deposit Account Control Agreements with respect thereto and covering the Deposit Accounts listed on Schedule 5 to the Perfection Certificate (other than Excluded Deposit Accounts).

(c) Securities Account Control Agreements. Agent shall have received fully-executed Securities Account Control Agreements covering the Securities Accounts listed on Schedule 5 to the Perfection Certificate.

(d) Joinder to Intercreditor Agreement. The Agent shall have entered into a joinder or amendment to the Intercreditor Agreement, in form and substance reasonably satisfactory to the Agent, and the Intercreditor Agreement shall be in full force and effect.

(e) Perfected First-Priority Liens. The Agent shall have received (i) reasonably satisfactory evidence that the Agent shall have a valid and perfected first priority (except as otherwise permitted hereunder) Lien, security interest and hypothecation in the Collateral (including acknowledgments of all filings or recordations necessary to perfect its Liens in the Collateral) and (ii) releases, satisfactions and payoff letters terminating all Liens on the Collateral arising under the Existing U.S. Credit Agreement, the Existing Canadian Credit Agreement and the ATB Financial Debt and all other Liens not permitted under Section 10.2.2.

(f) Lien Searches. The Agent shall have received UCC, PPSA, title and Lien searches and other evidence reasonably satisfactory to Agent that its Liens are the only Liens upon the Collateral, except Liens permitted under Section 10.2.2 and Liens being terminated under Section 6.1(e).

(g) Payment of Recording Costs. All filing and recording fees and taxes shall have been duly paid or arrangements satisfactory to the Agent shall have been made for the payment thereof.

(h) Closing Certificates. The Agent shall have received a certificate of each Loan Party, dated the Closing Date, substantially in the form of **Exhibit H-1** with respect to the Canadian Facility Loan Parties, and in the form of **Exhibit H-2** with respect to the U.S. Facility Loan Parties, with appropriate insertions, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Loan Party, and attaching the documents referred to in Section 6.1(i).

(i) Organic Documents; Incumbency. The Agent shall have received a copy of (i) each Organic Document of each Loan Party certified, to the extent applicable, as of a recent date by the applicable Governmental Authority, (ii) signature and incumbency certificates of the Senior Officers of each Loan Party executing the Loan Documents to which it is a party; (iii) resolutions of the Board of Directors or similar governing body of each Loan Party (A) approving and authorizing the execution, delivery and performance of the Loan Documents to which it is a party and (B) in the case of each Borrower, the extensions of credit contemplated hereunder, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment and (d) a good standing certificate (or other similar instrument) from the applicable Governmental Authority of each Loan Party's jurisdiction of incorporation, organization or formation.

(j) Fees. The Joint Lead Arrangers and the Agent shall have received the fees to be received on the Closing Date set forth in the Fee Letter. The Lenders shall have received the fees in the amounts previously agreed in writing by the Agent, the Borrowers and such Lenders to be received on the Closing Date, and all reasonable and documented out-of-pocket expenses of the Agent (including the reasonable and documented fees, disbursements and other charges of counsel (which shall be limited to the reasonable and documented out-of-pocket legal fees and expenses of Vinson & Elkins LLP, counsel to Agent, Ogilvy Renault LLP, Canadian counsel to Agent, and, if necessary, of one local counsel in each other relevant jurisdiction (which may include a local counsel acting in multiple jurisdictions)) for which invoices have been presented prior to the Closing Date shall have been paid.

(k) Solvency Certificate. On the Closing Date, the Agent shall have received a certificate from a Senior Officer of the Loan Party Agent, with appropriate attachments and demonstrating that after giving effect to the consummation of the transactions contemplated by this Agreement, the Borrowers and the Guarantors, taken as a whole, are Solvent.

(l) Historical Financial Statements. Lenders shall have received the Historical Financial Statements.

(m) Financial Projections. The Agent shall have received financial projections of the Borrowers, which shall be reasonably acceptable to the Agent (and the Agent hereby acknowledges that it has received the same prior to the date hereof).

(n) Insurance. Certificates of insurance evidencing the existence of insurance to be maintained by the Loan Parties pursuant to Section 10.1.5 and, if applicable, the designation of the Agent as loss payee as its interest may appear thereunder, in each case, in form and substance satisfactory to the Agent.

(o) Borrowing Base Certificate. The Agent shall have received a Borrowing Base Certificate setting forth the Canadian Borrowing Base and the U.S. Borrowing Base, in each case, effective as of April 30, 2011.

(p) Perfection Certificate. The Loan Party Agent shall deliver to the Agent a completed Perfection Certificate, executed and delivered by a Senior Officer of the Loan Party Agent, together with all attachments contemplated thereby.

(q) Legal Opinions. The Agent shall have received reasonably satisfactory opinions of counsel to the Loan Parties, in each case, customary for transactions of this type (which shall cover, among other things, authority, legality, validity, binding effect and enforceability of the Loans and the creation and perfection of Liens in the Collateral) and of appropriate local counsel (including Canadian counsel of applicable jurisdictions).

(r) No Material Adverse Change. There shall not have occurred since December 31, 2010 any Material Adverse Change or any event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect.

(s) Excess Availability. Upon giving effect to the initial funding of Loans and issuance of Letters of Credit, and the payment by the Borrowers of all fees and expenses incurred in connection herewith and due on the Closing Date, as well as the amount of any payables stretched beyond their customary payment practices, Excess Availability shall be at least $300,000,000.

(t) No Litigation. There shall be no action, suit, investigation litigation or proceeding pending or threatened in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(u) Third-Party Consents. The Agent shall have received a certificate of a Senior Officer of each Loan Party either (i) attaching copies of all consents, licenses and approvals required or appropriate to be obtained from any Governmental Authority or other third-party in connection with the execution, delivery and performance by and the validity against each Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (ii) stating that no such consents, licenses or approvals are so required.

(v) Payment of Existing Indebtedness. The ATB Financial Debt and all Indebtedness arising under the Existing Canadian Credit Agreement and the Existing U.S. Credit Agreement shall have been repaid in full or shall be repaid in full with the proceeds of the initial Loans, and the Agent shall have received payoff letters or similar agreements which evidence the foregoing.

6.2 Conditions Precedent to All Credit Extensions. The Agent, Fronting 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 Borrowers (including the initial Loans on the Closing Date), 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 Loan Party in the Loan Documents shall be true and correct in all material respects (or, with respect to representations and warranties qualified by materiality, in all respects) as of the date of such extension of credit (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date);

(c) Excess Availability of not less than the amount of the proposed Borrowing shall exist;

(d) Both immediately before and immediately after giving effect thereto, no Canadian Overadvance or U.S. Overadvance shall exist or would result therefrom and the Total Revolver Exposure would not exceed the Maximum Facility Amount;

(e) With respect to the issuance of a Letter of Credit, the Canadian LC Conditions or the U.S. LC Conditions, as applicable, shall be satisfied; and

(f) With respect to the funding of any Canadian Revolver Loan, arrangement for issuance of any Canadian Letter of Credit or grant any other accommodation to or for the benefit of any Canadian Borrower, the requirements of Section 2.3 are satisfied.

Each request (or any deemed request, except a deemed request in connection with a Protective Advance or pursuant to Sections 2.2.2(a) or 2.2.5(a)) by Loan Party Agent or any Borrower for funding of a Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by all Borrowers that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant.

SECTION 7. COLLATERAL

7.1 Grant of Security Interest. (a) To secure the prompt payment and performance of all Secured Obligations (including all Secured Obligations of the Guarantors) whether arising under the Credit Documents or otherwise, each U.S. Domiciled Loan Party hereby grants to the Agent, for the benefit of the Secured Parties, and (b) to secure the prompt payment and performance of its Applicable Canadian Borrower Secured Obligations, each Canadian Domiciled Loan Party hereby grants to the Agent, for the benefit of the Canadian Facility Secured Parties, in each case, a continuing security interest in and Lien upon all of the following Property of such Loan Party, whether now owned or hereafter acquired, and wherever located:

(i) all Accounts;

(ii) all Inventory or Documents, customs receipts, insurance certificates, shipping documents and other written materials related to the purchase or import of any Inventory;

(iii) all Specified Revolving Credit Collateral;

(iv) all 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;

(v) monies, cash and deposits;

(vi) all Records, Supporting Obligations and related Letter-of-Credit Rights, Commercial Tort Claims or other claims and causes of action, in each case, to the extent not primarily related to Notes Priority Lien Collateral; and

(vii) to the extent not otherwise included, all substitutions, replacements, accessions, products and proceeds (including, insurance proceeds, investment property, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing.

7.2 Lien on Deposit Accounts; Cash Collateral.

7.2.1 Deposit Accounts. (a) To further secure the prompt payment and performance of all Secured Obligations, each U.S. Domiciled Loan Party hereby grants to the Agent, for the benefit of the Secured Parties, and (b) to further secure the prompt payment and performance of all Canadian Facility Secured Obligations, each Canadian Domiciled Loan Party hereby grants to Agent, for the benefit of the Canadian Facility Secured Parties, in each case, a continuing security interest in and Lien on all amounts credited to any Deposit Account and Dominion Account of such Loan Party, including any sums in any blocked or lockbox accounts or in any accounts into which such sums are swept. Each Loan Party hereby authorizes and directs each bank or other depository to deliver to the Agent, upon request, all balances (other than the minimum balances required to be retained therein by the related depository bank and agreed to by the Agent) in any Deposit Account and Dominion Account maintained by such Loan Party, without inquiry into the authority or right of Agent to make such request.

7.2.2 **Cash Collateral**. Any Cash Collateral may be invested, at Agent's discretion, in Permitted Investments, but Agent shall have no duty to do so, regardless of any agreement or course of dealing with any Loan Party, and shall have no responsibility for any investment or loss. To further secure the prompt payment and performance of all Secured Obligations, each U.S. Domiciled Loan Party hereby grants to Agent, for the benefit of the Secured Parties, and to further secure the prompt payment and performance of all Canadian Facility Secured Obligations, each Canadian Domiciled Loan Party hereby grants to Agent, for the benefit of the Canadian Facility Secured Parties, in each case, a continuing security interest in and Lien on all Cash Collateral held by such Loan Party from time to time and all proceeds thereof, whether such Cash Collateral is held in a Cash Collateral Account or otherwise. Agent may apply Cash Collateral of a U.S. Domiciled Loan Party to the payment of any Secured Obligations, and may apply Cash Collateral of a Canadian Domiciled Loan Party to the payment of any Canadian Facility Secured Obligations, in each case, in such order as Agent may elect, as they become due and payable. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent. No U.S. Domiciled Loan Party or other Person claiming through or on behalf of any U.S. Domiciled Loan Party shall have any right to any Cash Collateral, until Full Payment of all Secured Obligations. No Canadian Domiciled Loan Party or other Person claiming through or on behalf of any Canadian Domiciled Loan Party shall have any right to any Cash Collateral, until Full Payment of all Canadian Facility Secured Obligations.

7.3 **Pledged Collateral**.

7.3.1 **Pledged Stock and Debt Securities**. As security for the payment or performance, as the case may be, in full of its Applicable Canadian Borrower Secured Obligations, each Canadian Borrower hereby assigns and pledges to Agent, its successors and assigns, for the benefit of the Canadian Facility Secured Parties, and hereby grants to Agent, its successors and assigns, for the benefit of the Canadian Facility Secured Parties, a security interest in, all of such Canadian Borrower's right, title and interest in, to and under (a) the Stock now owned or at any time hereafter acquired by such Canadian Borrower (except for any Stock which such Canadian Borrower owns in an entity that is not a Subsidiary of such Canadian Borrower or that is a Subsidiary of such Canadian Borrower and for which such Canadian Borrower's pledge hereunder would require third-party consent that is not reasonably obtainable), including the Stock set forth opposite the name of such Canadian Borrower on **Schedule 7.3**, and all certificates and other instruments representing such Stock (collectively, the "Pledged Stock"); (b) the debt securities now owned or at any time hereafter acquired by such Canadian Borrower, including the debt securities set forth opposite the name of such Canadian Borrower on **Schedule 7.3**, and all promissory notes and other instruments evidencing such debt securities (collectively, the "Pledged Debt Securities"); (c) all other property that may be delivered to and held by the Agent pursuant to the terms of this Section; (d) subject to Section 7.3.5, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other proceeds received in respect of, the securities and instruments referred to in clauses (a) and (b) above; (e) subject to Section 7.3.5, all rights and privileges of such Canadian Borrower with respect to the securities, instruments and other property referred to in clauses (a), (b), (c) and (d) above; and (f) all proceeds of any and all of the foregoing (the items referred to in clauses (a) through (f) above being collectively referred to as the "Pledged Collateral").

7.3.2 Delivery of the Pledged Collateral.

(a) Each Canadian Borrower agrees to deliver or cause to be delivered to the Agent any and all Pledged Collateral at every time owned by such Canadian Borrower promptly following its acquisition thereof.

(b) Each Canadian Borrower will cause (i) all Indebtedness of any Subsidiary or any other of its Affiliates and (ii) all Debt of any other person in a principal amount of $1,000,000 or more that, in each case, is owing to such Canadian Borrower to be evidenced by a duly executed promissory note that is pledged and delivered to Agent pursuant to the terms hereof.

(c) Upon delivery to Agent, (i) any Pledged Stock shall be accompanied by undated stock powers duly executed by the Applicable Canadian Borrower in blank or other instruments of transfer satisfactory to Agent and by such other instruments and documents as Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral shall be accompanied by undated proper instruments of assignment duly executed by the Applicable Canadian Borrower in blank and by such other instruments and documents as Agent may reasonably request. Each delivery of Pledged Collateral after the date hereof shall be accompanied by a schedule describing the Pledged Collateral so delivered, which schedule shall be attached to **Schedule 7.3** and made a part hereof; *provided* that failure to attach any such schedule hereto or any error in a schedule so attached shall not affect the validity of the pledge of any Pledged Collateral.

7.3.3 Pledge Related Representations, Warranties and Covenants. Each Canadian Borrower hereby represents, warrants and covenants to the Agent and the Secured Parties that:

(a) **Schedule 7.3** sets forth a true and complete list of (i) all the Stock owned by such Canadian Borrower and the percentage of the issued and outstanding units of each class of the Stock of the issuer thereof represented by the Pledged Stock owned by such Canadian Borrower and required to be pledged hereunder and (ii) all debt securities owned by such Canadian Borrower, and all promissory notes and other instruments evidencing such debt securities which are required to be pledged hereunder. **Schedule 7.3** sets forth all Stock, debt securities and promissory notes required to be pledged hereunder.

(b) The Pledged Stock and Pledged Debt Securities have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Stock, are fully paid and nonassessable and (ii) in the case of Pledged Debt Securities, are legal, valid and binding obligations of the issuers thereof, subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance and transfer, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

(c) Except for the security interests granted hereunder, the Applicable Canadian Borrower (i) is and, subject to any transfers or dispositions made in compliance with this Agreement, will continue to be the direct owner, beneficially and of record, of the Pledged Collateral listed on **Schedule 7.3**, (ii) holds the same free and clear of all Liens (other than the Liens permitted pursuant to Section 10.2.2 and other Liens or transfers or dispositions permitted under this Agreement), (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral (other than the Liens permitted pursuant to Section 10.2.2 and other Liens or transfers or dispositions permitted under this Agreement) and (iv) will defend its title or interest thereto or therein against any and all Liens (other than the Liens permitted pursuant to Section 10.2.2 and other Liens or transfers or dispositions permitted under this Agreement), however arising, of all persons whomsoever.

(d) Each Canadian Borrower has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated.

(e) No Governmental Approval or any other action by any Governmental Authority and no consent or approval of any securities exchange or any other person (including stockholders, partners, members or creditors of the Applicable Canadian Borrower) is or will be required for the validity of the pledge effected hereby (other than such as have been obtained and are in full force and effect).

(f) By virtue of the execution and delivery by each Canadian Borrower of this Agreement (or a supplement or joinder to this Agreement, substantially in the form of **Exhibit I)** or, when any Pledged Collateral of such Canadian Borrower is delivered to Agent (or its gratuitous bailee) in accordance with this Agreement, Agent will obtain a legal, valid and perfected lien upon and security interest in such Pledged Collateral as security for the payment and performance of its Applicable Canadian Borrower Secured Obligations.

7.3.4 **Registration in Nominee Name; Denominations**. Agent shall have the right (in its sole and absolute discretion) to hold the Pledged Collateral in its own name as pledgee, in the name of its nominee (as pledgee or as sub-agent) or in the name of the Applicable Canadian Borrower, endorsed or assigned in blank or in favor of Agent. Each Canadian Borrower will promptly give to Agent copies of any notices or other communications received by it with respect to its Pledged Collateral. Agent shall at all times have the right to exchange the certificates representing Pledged Collateral for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

7.3.5 **Voting Rights; Dividends and Interest**.

(a) Unless and until an Event of Default shall have occurred and be continuing and Agent shall have notified the Applicable Canadian Borrower that its rights under this Section are being suspended:

(i) The Applicable Canadian Borrower shall be entitled to exercise any and all voting and other consensual rights and powers inuring to an owner of Pledged Collateral or any part thereof for any purpose consistent with the terms of this Agreement and the other Loan Documents; *provided* that such rights and powers shall not be exercised in any manner that could materially and adversely affect the rights inuring to a holder of any Pledged Collateral or the rights and remedies of Agent or any other Secured Party under this Agreement or any other Loan Document or the ability of the Secured Parties to exercise the same.

(ii) Agent shall execute and deliver to the Applicable Canadian Borrower, or cause to be executed and delivered to the Applicable Canadian Borrower, all such proxies, powers of attorney and other instruments as the Applicable Canadian Borrower may reasonably request for the purpose of enabling the Applicable Canadian Borrower to exercise the voting and other consensual rights and powers it is entitled to exercise pursuant to paragraph (i) above.

(iii) The Applicable Canadian Borrower shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of its Pledged Collateral to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of this Agreement, the other Loan Documents and applicable laws; *provided* that any noncash dividends, interest, principal or other distributions that would constitute Pledged Stock or Pledged Debt Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Stock of the issuer of any Pledged Collateral or received in exchange for Pledged Collateral or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral and, if received by the Applicable Canadian Borrower, shall be held in trust for the benefit of the Agent, shall be segregated from other property or funds of the Applicable Canadian Borrower and shall be forthwith delivered to the Agent upon demand in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence and during the continuance of an Event of Default, after Agent shall have notified the Applicable Canadian Borrower of the suspension of its rights under paragraph (a)(iii) of this Section, all rights of the Applicable Canadian Borrower to dividends, interest, principal or other distributions that the Applicable Canadian Borrower is authorized to receive pursuant to paragraph (a)(iii) of this Section shall cease, and all such rights shall thereupon become vested in Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by the Applicable Canadian Borrower contrary to the provisions of this Section shall be held in trust for the benefit of Agent, shall be segregated from other property or funds of the Applicable Canadian Borrower and shall be forthwith delivered to Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by Agent pursuant to the provisions of this paragraph shall be retained by Agent in an account to be established by Agent upon receipt of such money or other property, shall be held as security for the Applicable Canadian Borrower Secured Obligations and shall be applied in accordance with the provisions of Section 5.6. After all Events of Default have been cured or waived and Agent shall have received a certificate from a Senior Officer of Loan Party Agent to that effect, Agent shall promptly remit to the Applicable Canadian Borrower (without interest) all dividends, interest, principal or other distributions that the Applicable Canadian Borrower would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after Agent shall have notified the Applicable Canadian Borrower of the suspension of its rights under paragraph (a)(i) of this Section, all rights of the Applicable Canadian Borrower to exercise the voting and other consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section, and the obligations of Agent under paragraph (a)(ii) of this Section, shall cease, and all such rights shall thereupon become vested in Agent, which shall have the sole and exclusive right and authority to exercise such voting and other consensual rights and powers; *provided* that, unless otherwise directed by the Required Lenders, Agent shall have the right from time to, in its sole discretion, notwithstanding the continuance of an Event of Default, to permit the Applicable Canadian Borrower to exercise such rights and powers.

7.4 **Other Collateral**.

7.4.1 **Commercial Tort Claims**. Loan Party Agent shall within 10 days of a Senior Officer becoming aware thereof notify Agent in writing if any Loan Party has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, Commercial Tort Claims reasonably expected to result in awarded damages (net of anticipated legal expenses relating thereto) of less than $1,000,000 in aggregate) and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to confer upon Agent (for the benefit of Secured Parties) a duly perfected, first priority Lien upon such claim.

7.4.2 **Certain After-Acquired Collateral**. Loan Party Agent shall notify Agent in writing within 30 days if, after the Closing Date, any Loan Party obtains any interest in any Property consisting of (a) Deposit Accounts other than Excluded Deposit Accounts, (b) Chattel Paper, (c) negotiable Documents, (d) promissory notes and other Instruments (other than checks) or (d) Investment Property consisting of any Securities Account and, upon Agent's reasonable request, shall promptly take such actions as Agent reasonably deems appropriate to effect Agent's duly perfected, first priority Lien upon such Collateral (so long as it does not constitute Notes Priority Lien Collateral), including obtaining any appropriate possession, control agreement or lien waiver (it being understood that there shall be no requirement to obtain lien waivers not obtainable with commercially reasonable efforts), as appropriate and/or executing such additional Security Documents as may be reasonably requested by Agent. If any Collateral is in the possession of a third party, at Agent's request, the applicable Loan Party having rights in such Collateral shall use commercially reasonable efforts to obtain a Collateral Access Agreement in favor of the Agent in each case to the extent the Cost of Inventory held by such third person exceeds $1,000,000 in the aggregate.

7.5 **Limitation on Permitted Discretion**.

(a) The Agent shall have the right to establish, modify or eliminate Reserves against Eligible Accounts and Eligible Inventory from time to time in its Permitted Discretion. In addition, the Agent reserves the right, at any time and from time to time after the Closing

Date, to adjust any of the applicable criteria, to establish new criteria and to adjust advance rates with respect to Eligible Accounts and Eligible Inventory, in its Permitted Discretion, subject to Section 14.1.1.

(b) Notwithstanding the foregoing or any provision in this Agreement to the contrary, circumstances, conditions, events or contingencies arising prior to the Closing Date and disclosed to the Agent prior to the Closing Date shall not be the basis for any establishment or modification of Reserves, eligibility criteria or advance rates unless (i) in the case of Reserves and eligibility criteria, such Reserves or eligibility criteria were established on the Closing Date or (ii) such circumstances, conditions, events or contingencies shall have changed in any material respect since the Closing Date.

(c) Any exercise of Permitted Discretion with respect to Reserves shall be based on a good faith reasonable determination of the Agent that (i) the circumstances, conditions, events or contingencies giving rise thereto will or reasonably could be expected to adversely affect a material portion of the value of the Eligible Accounts or Eligible Inventory in either the Canadian Borrowing Base or the U.S. Borrowing Base, the enforceability or priority of the Agent's Liens thereon or the amount the Secured Parties would likely receive in the liquidation of any material portion of Eligible Accounts or Eligible Inventory in either the Canadian Borrowing Base or the U.S. Borrowing Base and (ii) the proposed action to be taken by the Agent to mitigate the effects described in clause (i) (including the amount of any Reserves) bears a reasonable relationship to the circumstance, condition, event or other contingency that is the basis therefor.

(d) Upon delivery of notice to the Loan Party Agent by the Agent of its intent to establish or increase Reserves, the Agent shall be available to discuss the proposed Reserves or increase, and Borrowers may take such action as may be required so that the circumstance, condition, event or other contingency that is the basis for such Reserves or increase no longer exists, in a manner and to the extent reasonably satisfactory to the Agent in the exercise of its Permitted Discretion. In no event shall such notice and opportunity limit the right of the Agent to establish or change such Reserves, unless the Agent shall have determined in its Permitted Discretion that the circumstance, condition, event or other contingency that is the basis for such new Reserves or such change no longer exists or has otherwise been adequately addressed by Borrowers.

7.6 **__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 Loan Parties relating to any Collateral.

7.7 **__Further Assurances__**. Promptly upon Agent's request, and subject to the other provisions of this Section 7, Loan Party Agent shall deliver such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent reasonably deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement.

SECTION 8. COLLATERAL ADMINISTRATION

8.1 Administration of Accounts.

8.1.1 Records and Schedules of Accounts. Each Loan Party shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Agent sales, collection, reconciliation and other reports in form reasonably satisfactory to Agent in accordance with Section 10.1.1(g). If the collectability of Accounts of any Borrower Group in an aggregate face amount exceeding $10,000,000 is impaired, Loan Party Agent shall notify Agent of such occurrence promptly (and in any event within one Business Day) after any Loan Party has knowledge thereof.

8.1.2 Taxes. If an Account of any Loan Party includes a charge for any Taxes, Agent is authorized, in its discretion, if the applicable Loan Party has not paid such Taxes when due, to pay the amount thereof to the proper Governmental Authority for the account of such Loan Party and to charge the Loan Parties therefor; *provided*, *however*, that neither Agent nor Lenders shall be liable for any Taxes that may be due from the Loan Parties or with respect to any Collateral.

8.1.3 Account Verification. During a Default, Event of Default or Cash Dominion Event, Agent shall have the right, in the name of Agent, any designee of Agent or any Loan Party, to verify the validity, amount or any other matter relating to any Accounts of the Loan Parties by mail, telephone or otherwise. Loan Parties shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

8.1.4 Maintenance of Dominion Accounts. Borrowers shall maintain Dominion Accounts pursuant to lockbox or other arrangements reasonably acceptable to Agent. Borrowers shall obtain a Deposit Account Control Agreement from each lockbox servicer and Dominion Account bank, establishing Agent’s control over and Lien in the lockbox or Dominion Account, requiring immediate deposit of all remittances received in the lockbox to a Dominion Account and waiving offset rights of such servicer or bank, except for customary administrative charges. If a Dominion Account is not maintained with Bank of America, Agent may, during the existence of any Cash Dominion Event, require immediate transfer of all funds in such account to a Dominion Account maintained with Bank of America. Agent and Lenders assume no responsibility to Borrowers for any lockbox arrangement or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.1.5 Proceeds of Collateral. Borrowers shall request in writing and otherwise take all necessary steps to ensure that all payments on Accounts or otherwise relating to Collateral are made directly to a Dominion Account (or a lockbox relating to a Dominion Account). If any Borrower or Subsidiary receives cash or Payment Items with respect to any Collateral, it shall hold same in trust for Agent and within one (1) Business Day deposit same into a Dominion Account.

8.2 Administration of Inventory.

8.2.1 Records and Reports of Inventory. Each Loan Party shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports (which reports shall set forth the Inventory information by location) in form reasonably satisfactory to Agent in accordance with Section 10.1.1(g).

8.2.2 Returns of Inventory. No Loan Party 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 $25,000,000, in aggregate; and (d) any payment received by a Loan Party for a return is promptly remitted to Agent for application to the Obligations in accordance with Section 5.5 or 5.6, as applicable.

8.2.3 Storage and Maintenance. Loan Parties shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity in all material respects with all Applicable Law, including the FLSA, if applicable, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

8.3 Administration of Deposit Accounts. **Schedule 8.3** sets forth all Deposit Accounts maintained by Borrowers as of the date hereof, including all Dominion Accounts. Each Borrower shall take all actions necessary to establish Agent's control of each such Deposit Account through a Deposit Account Control Agreement (other than Excluded Deposit Accounts). A Borrower shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent) to have control over a Deposit Account or any Property deposited therein. Notwithstanding the preceding sentence, a U.S. Facility Loan Party may establish a deposit account that does not contain proceeds of Loans, Inventory, Accounts or Specified Revolving Credit Collateral, which deposit account shall be (a) identified as such in writing to the Agent and (b) solely for the deposit of proceeds from the sale of Notes Priority Collateral pending final application thereof to the Senior Secured Notes (such account, the "Net Available Cash Account"). Loan Party Agent shall promptly notify Agent of any opening or closing of a Deposit Account and, with the consent of Agent, will amend **Schedule 8.3** to reflect same.

8.4 General Provisions.

8.4.1 Location of Collateral. All tangible items of Collateral, other than Inventory in transit, shall at all times be kept by Loan Parties at the Borrowers' business locations set forth in **Schedule 8.4.1**, except that Loan Parties may (a) make sales or other dispositions of Collateral in accordance with Section 10.2.4; (b) in the case of any U.S. Facility Loan Party, move Collateral to another location in the United States and (c) in the case of a Canadian Domiciled Loan Party, move Collateral to another location in Canada set forth on **Schedule 8.4.1** or, (i) upon 15 Business Days prior written notice to Agent, and (ii) so long as all actions shall have been taken prior to such move to ensure that the Agent has a perfected first priority security interest in and Lien on such Collateral, any other location in Canada.

(a) Each Borrower shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (having a Best's Financial Strength Rating of at least VII, unless otherwise approved by Agent) as are reasonably satisfactory to Agent. From time to time upon request, Borrowers shall deliver to Agent the originals or certified copies of their insurance policies and updated flood plain searches. Unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as loss payee or additional insured, as appropriate; (ii) requiring 10 days prior written notice to Agent (or such shorter period as agreed to by 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 Borrower 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 Borrower fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge such Borrower therefor. Each Borrower agrees to deliver to Agent, promptly upon the request of Agent, copies of all reports made to insurance companies. While no Event of Default exists, Borrowers may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent. If an Event of Default has occurred and is continuing, only Agent shall be authorized to settle, adjust and compromise such claims.

8.4.2 **Protection of Collateral**. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral of a Loan Party Group, all Taxes payable with respect to any Collateral of a Loan Party Group (including any sale thereof), and all other payments required to be made by Agent to any Person to realize upon any Collateral of a Loan Party Group, shall be borne and paid by Loan Parties of such Loan Party Group. 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 Loan Parties' sole risk.

8.4.3 **Defense of Title to Collateral**. Each Loan Party shall at all times (a) defend its title to Collateral and Agent's Liens therein against all Persons, claims and demands whatsoever, except Permitted Liens.

8.5 **Power of Attorney**. Each Loan Party hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Loan Party's true and lawful attorney (and agent-in-fact), coupled with an interest, for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or a Loan Party's name, but at the cost and expense of Loan Parties within such Loan Party's Loan Party Group:

(a) Endorse a Loan Party'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, 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) collect, liquidate and receive balances in Deposit Accounts or Securities Accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign a Loan Party's name to 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 a Loan Party, and notify postal authorities to deliver any such mail to an address designated by Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, Inventory or other Collateral; (viii) use a Loan Party's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use information contained in any data processing, electronic or information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which a Loan Party is a beneficiary; and (xii) take all other actions as Agent reasonably deems appropriate to fulfill any Loan Party's obligations under the Loan Documents.

SECTION 9. REPRESENTATIONS AND WARRANTIES

9.1 **General Representations and Warranties**. In order to induce the Lenders to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, each Borrower (with respect to itself and its subsidiaries) makes the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

9.1.1 **Corporate Status**. Each Borrower and each Material Subsidiary (a) is a duly organized and validly existing corporation or other entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (b) has duly qualified and is authorized to do business and in good standing in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

9.1.2 **Corporate Power and Authority**. Each Loan Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Loan Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party. Each Loan Party has duly executed and delivered each Loan Document to which it is a party and each such Loan Document constitutes the legal, valid and binding obligation of such Loan Party enforceable in accordance with is terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and subject to general principles of equity. Each Loan Party is in compliance with all laws, orders, writs and injunctions except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

9.1.3 **No Violation**. Neither the execution, delivery or performance by any Loan Party of the Loan Documents to which it is a party nor compliance with the terms and provisions thereof nor the consummation of the 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 applicable to such Loan Party, (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 Loan Party or any of the Restricted Subsidiaries (other than Liens created under the Loan 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 Loan 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 Organic Documents of such Loan Party or any of the Restricted Subsidiaries.

9.1.4 **Litigation**. There are no actions, suits or proceedings (including Environmental Claims) pending or, to the knowledge of such Borrower, threatened with respect to such Borrower or any of its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect or a Material Adverse Change.

9.1.5 **Margin Regulations**. Neither such Borrower nor any of its Subsidiaries is engaged principally, as one or more of its important activities, in the business of extending credit for the purpose of purchasing any “margin stock” as defined in Regulation U. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, U or X of the Board of Governors.

9.1.6 **Governmental Approvals**. The execution, delivery and performance of each Loan Document does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (a) such as have been obtained or made and are in full force and effect, (b) filings and recordings in respect of the Liens created pursuant to the Loan Documents and (c) such licenses, approvals, authorizations or consents the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect.

9.1.7 **Investment Company Act**. No Loan Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

9.1.8 **True and Complete Disclosure**.

(a) None of the factual information and data (taken as a whole) heretofore or contemporaneously furnished by or on behalf of such Borrower, any of such Borrower’s Subsidiaries or any of their respective authorized representatives in writing to the Agent and/or any Lender on or before the Closing Date (including (i) the Confidential Information Memorandum and (ii) all information contained in the Loan Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein contained any untrue statement or omitted to state any material fact necessary to make such information and data (taken as a whole) not misleading at such time in light of the circumstances under which such information or data was furnished, it being understood and agreed that for purposes of this Section 9.1.8(a), such factual information and data shall not include projections.

(b) The projections and pro forma financial information contained in the information and data referred to in paragraph (a) above were based on good faith estimates and assumptions believed by such Persons to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results.

9.1.9 **Financial Condition; Financial Statements**. The (a) unaudited historical consolidated financial information of the Parent as set forth in the Confidential Information Memorandum, (b) Historical Financial Statements and (c) the financial statements delivered pursuant to Section 10.1.1, in each case present or will, when provided, present fairly in all material respects the consolidated financial position of the Parent and its Subsidiaries at the respective dates of said information, statements and the consolidated results of operations for the respective periods covered thereby. The financial statements referred to in clauses (b) and (c) of this Section 9.1.9 have been prepared in accordance with GAAP, consistently applied (except to the extent provided in the notes to said financial statements), and the audit reports accompanying such financial statements are not subject to any qualification as to the scope of the audit or the status of the Parent as a going concern. There has been no Material Adverse Change since December 31, 2010.

9.1.10 **Tax Returns and Payments**. Such Borrower and each of its Subsidiaries have filed all federal and provincial income tax returns and all other material tax returns, domestic and foreign, required to be filed by any of them and have paid all income and other material Taxes payable by them that have become due, other than those (a) not yet delinquent or (b) contested in good faith as to which adequate reserves have been provided in accordance with GAAP and which could not reasonably be expected to result in a Material Adverse Effect. Such Borrower and each of its Subsidiaries have paid, or have provided adequate reserves (in the good faith judgment of the management of such Borrower) in accordance with GAAP for the payment of, all material federal, state, provincial and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the Closing Date.

9.1.11 **Compliance with ERISA**.

(a) Each Plan is in compliance with ERISA, the Code and any applicable Requirement of Law; no Reportable Event has occurred (or is reasonably likely to occur) with respect to any Plan; no Plan is insolvent or in reorganization (or is reasonably likely to be insolvent or in reorganization), and no written notice of any such insolvency or reorganization has been given to such Borrower, any Subsidiary or any ERISA Affiliate; no Plan (other than a multiemployer plan) has an accumulated or waived funding deficiency (or is reasonably likely to have such a deficiency); none of such Borrower, any Subsidiary or any ERISA Affiliate has incurred (or is reasonably likely expected to incur) any liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code or has been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted (or are reasonably likely to be instituted) to terminate or to reorganize any Plan or to appoint a trustee to administer any Plan, and no written notice of any such proceedings has been given to such Borrower, any Subsidiary or any ERISA Affiliate; and no lien imposed under the Code or ERISA on the assets of such Borrower or any Subsidiary or any ERISA Affiliate exists (or is reasonably likely to exist) nor has such Borrower, any Subsidiary or any ERISA Affiliate been notified in writing that such a lien will be imposed on the assets of such Borrower, any Subsidiary or any ERISA Affiliate on account of any Plan, except to the extent that a breach of any of the representations, warranties or agreements in this Section 9.1.11 would not result, individually or in the aggregate, in an amount of liability that would be reasonably likely to have a Material Adverse Effect. No Plan (other than a multiemployer plan) has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 9.1.11, be reasonably likely to have a Material Adverse Effect. With respect to Plans that are Multiemployer Plans, the representations and warranties in this Section 9.1.11(a), other than any made with respect to (i) liability under Section 4201 or 4204 of ERISA or (ii) liability for termination or reorganization of such Plans under ERISA, are made to the best knowledge of such Borrower.

(b) Canadian Employee Plans.

(i) No Canadian Employee Plan enacted or adopted after the Closing Date provides for medical, life or other welfare benefits (through insurance or otherwise), with respect to any current or former employee of any Canadian Domiciled Loan Party or any Affiliate thereof after retirement or other termination of service (other than coverage mandated by Requirements of Law or coverage provided through the end of the month containing the date of termination from service or otherwise where part of a severance package or with respect to injured or disabled employees). Except as could not reasonably be expected to give rise, individually or in the aggregate, to Material Adverse Effect (it being acknowledged that, for purposes of this Section 9.1.11(b), funding deficiencies, other benefit liabilities and events, conditions and circumstances that could give rise to liabilities, as such deficiencies, liabilities and circumstances exist as of the Closing Date, to the extent that they remain applicable at the relevant determination date, and any future obligations arising therefrom shall be included or considered in the determination of whether as of any date a Material Adverse Effect has occurred, exists or could reasonably be expected to occur):

(ii) Canadian Domiciled Loan Parties are in compliance in all material respects with the requirements of the PBA and any binding FSCO requirements of general application with respect to each Canadian Pension Plan and in compliance with any FSCO directive or order directed specifically at a Canadian Pension Plan. No Canadian Pension Plan has any Unfunded Pension Liability. No fact or situation that may reasonably be expected to result in a Material Adverse Effect exists in connection with any Canadian Pension Plan. No Canadian Domiciled Loan Party or Subsidiary contributes to or participates in a Canadian Multi-

Employer Plan. No Canadian Domiciled Loan Party or an Affiliate thereof maintains, contributes or has any liability with respect to a Canadian Pension Plan which provides benefits on a defined benefit basis. No Termination Event has occurred. All contributions required to be made by any Canadian Domiciled Loan Party or Subsidiary to any Canadian Pension Plan have been made in a timely fashion in accordance with the terms of such Canadian Pension Plan and the PBA. No Lien has arisen, choate or inchoate, in respect of any Canadian Domiciled Loan Party or their property in connection with any Canadian Pension Plan (save for contribution amounts not yet due).

(c) All Foreign Plans are in compliance with, and have been established, administered and operated in accordance with, the terms of such Foreign Plans and applicable law, except for any failure to so comply, establish, administer or operate the Foreign Plans as would not reasonably be expected to have a Material Adverse Effect. All contributions or other payments which are due with respect to each Foreign Plan have been made in full and there are no funding deficiencies thereunder, except to the extent any such events would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.1.12 Subsidiaries. **Schedule 9.1.12** lists each Subsidiary of such Borrower (and the direct and indirect ownership interest of such Borrower therein), in each case existing on the Closing Date. To the knowledge of such Borrower, after due inquiry, each Material Subsidiary as of the Closing Date has been so designated on **Schedule 9.1.12**.

9.1.13 Intellectual Property. Such Borrower and each of the Restricted Subsidiaries have obtained all rights to intellectual property, free from burdensome restrictions, that are necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, except where the failure to obtain any such rights could not reasonably be expected to have a Material Adverse Effect.

9.1.14 Environmental Laws.

(a) Except as could not reasonably be expected to have a Material Adverse Effect: (i) such Borrower and each of the Subsidiaries and all Real Estate are, and have been, in compliance with, and possess all permits, licenses and registrations required pursuant to, all Environmental Laws; (ii) neither such Borrower, nor any of the Subsidiaries is subject to any Environmental Claim or any other liability under any Environmental Law; (iii) such Borrower and its Subsidiaries are not conducting, or required to conduct, any investigation, removal, remedial or other corrective action pursuant to any Environmental Law at any location, including any Real Estate currently owned or leased by such Borrower or any of its Subsidiaries, and any real property to which such Borrower or any of its Subsidiaries may have sent Hazardous Materials; and (iv) no underground storage tank or related piping, or any impoundment or other disposal area containing Hazardous Materials is located at, on or under any Real Estate currently owned or leased by such Borrower or any of its Subsidiaries.

(b) Neither such Borrower, nor any of the Subsidiaries has treated, stored, transported, released or disposed or arranged for disposal or transport for disposal of Hazardous

Materials at, on, under or from any currently or formerly owned or leased Real Estate or facility in a manner that could reasonably be expected to have a Material Adverse Effect.

9.1.15 **Properties**. Such Borrower and each of the Subsidiaries have good and marketable title to or leasehold interest in all properties that are necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, free and clear of all Liens (other than any Liens permitted by this Agreement or the Senior Secured Notes Indenture) and except where the failure to have such good title or such leasehold interest could not reasonably be expected to have a Material Adverse Effect. All Liens of Agent in the Collateral are duly perfected, opposable and first priority Liens, subject only to Liens permitted pursuant to Section 10.2.2 that are expressly allowed to have priority over Agent's Liens.

9.1.16 **Solvency**. On the Closing Date, immediately following the making of each Loan and after giving effect to the application of the proceeds of such Loans, the Borrowers and the Guarantors, taken as a whole, are Solvent.

9.1.17 **Accounts**. Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by Borrowers with respect thereto. Each Borrower warrants with respect to each of its Accounts at the time it is shown as an Eligible Account in a Borrowing Base Certificate, that, to such Borrower's knowledge, in all material respects:

(a) it is genuine and 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, Lien (other than those Liens permitted pursuant to Section 10.2.2), 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), and the applicable Borrower is the sole payee or remittance party shown on the invoice;

(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) (i) there are no facts or circumstances that are reasonably likely to impair the enforceability or collectability 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.

SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

10.1 Affirmative Covenants. The Borrowers, jointly and severally, hereby covenant and agree that on the Closing Date and thereafter, until the Commitments, the Swingline Commitments and each Letter of Credit have terminated and the Loans, together with interest, Fees and all other Obligations, are paid in full:

10.1.1 Financial and Other Information. The Borrowers will furnish to the Agent:

(a) as soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC (or, if such financial statements are not required to be filed with the SEC, on or before the date that is 105 days after the end of each such fiscal year), (i) the consolidated balance sheet of MRC and its Subsidiaries (or, so long as the Parent is a Passive Entity which owns MRC, the Parent and its Subsidiaries) as at the end of such fiscal year, and the related consolidated statement of operations and consolidated statement of cash flows for such fiscal year, setting forth comparative consolidated figures for the preceding fiscal year, and certified by independent certified public accountants of recognized national standing whose opinion shall not be qualified as to the scope of audit or as to the status of MRC or the Parent, as applicable, or any of the Material Subsidiaries (or group of Subsidiaries that together would constitute a Material Subsidiary) as a going concern, together in any event with a certificate of such accounting firm stating that in the course of its regular audit of the business of MRC or the Parent, as applicable, and the Material Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of any Default or Event of Default that has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof which shall be certified by a Senior Officer of MRC or the Parent, as applicable, and (ii) the unaudited consolidating financial statements of MRC and its Subsidiaries (or, so long as the Parent is a Passive Entity which owns MRC, the Parent and its Subsidiaries) containing a balance sheet as of the end of such fiscal year and a statement of operations for such fiscal year prepared in reasonable detail;

(b) as soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC with respect to each of the first three quarterly accounting periods in each fiscal year of MRC (or, if such financial statements are not required to be filed with the SEC, on or before the date that is sixty (60) days after the end of each such quarterly accounting period), the consolidated balance sheet of MRC and its Subsidiaries (or, so long as the Parent is a Passive Entity which owns MRC, Parent and its Subsidiaries), in each case as at the end of such quarterly period and the related consolidated statement of operations for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year, all of which shall be certified by a Senior Officer of MRC or the Parent, as applicable, subject to changes resulting from audit and normal year-end audit adjustments;

(c) as soon as available and in any event on or before the date that is thirty (30) days after the end of each fiscal month of MRC, the consolidated balance sheet of MRC and its Subsidiaries (or, so long as the Parent is a Passive Entity which owns MRC, the Parent and its Subsidiaries), in each case as at the end of such fiscal month and the related consolidated statement of operations for such fiscal month and for the elapsed portion of the fiscal year ended with the last day of such fiscal month, and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such fiscal month, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year, all of which shall be certified by a Senior Officer of MRC or the Parent, as applicable, subject to changes resulting from audit and normal year-end audit adjustments;

(d) not more than sixty (60) days after the commencement of each fiscal year of MRC, a budget of the Borrowers in reasonable detail for such fiscal year on a quarterly basis and as customarily prepared by management of the Borrowers for their internal use consistent in scope with the financial statements provided pursuant to Section 10.1.1(a), setting forth the principal assumptions upon which such budgets are based;

(e) at the time of the delivery of the financial statements provided for in Sections 10.1.1(a) and (b), a certificate of a Senior Officer of MRC to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth (i) the Consolidated Fixed Charge Coverage Ratio (and accompanying calculations) as at the end of such fiscal year or period, as the case may be, (ii) a specification of any change in the identity of the Restricted Subsidiaries and Unrestricted Subsidiaries as at the end of such fiscal year or period, as the case may be, from the Restricted Subsidiaries and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or period, as the case may be, (iii) the then applicable level of the Applicable Margin and (iv) the amount of any Pro Forma Adjustment not previously set forth in a Pro Forma Adjustment Certificate or any change in the amount of a Pro Forma Adjustment set forth in any Pro Forma Adjustment Certificate previously provided and, in either case, in reasonable detail, the calculations and basis therefor. At the time of the delivery of the financial statements provided for in Section 10.1.1(a), a certificate of a Senior Officer of Loan Party Agent setting forth the information required pursuant to Section 1(a) of the Perfection Certificate or confirming that there has been no change in such information since the Closing Date or the date of the most recent certificate delivered pursuant to this subsection (e), as the case may be;

(f) as soon as available but in any event within twenty-five (25) days of the end of each calendar month, a Borrowing Base Certificate (which shall be calculated in a consistent manner with the most recently delivered Borrowing Base Certificate) and supporting information in connection therewith, *provided* that the Borrowers will be required to furnish a Borrowing Base Certificate and supporting information in connection therewith within four (4) days of the end of each calendar week as of the end of such calendar week during which a FCCR Test Event is continuing;

(g) as soon as available but in any event within twenty-five (25) days of the end of each calendar month (or, if requested by Agent, on a weekly basis if a FCCR Test Event has occurred and is continuing), in each case, as of the period then ended:

(i) a schedule detailing the Borrowers' Inventory, in form reasonably satisfactory to Agent, (1) by Borrower and by location (showing Inventory located with a third party under any consignment, bailee arrangement, or warehouse agreement, in each case, to the extent the Cost of Inventory at such location exceeds $1,000,000 in the aggregate), (2) including a report of material variances or other results of Inventory counts performed by the Borrowers since the last Inventory schedule and (3) reconciled to the Borrowing Base Certificate delivered as of such date.

(ii) a worksheet of calculations prepared by the Borrowers to determine Eligible Accounts and Eligible Inventory, such worksheets detailing the Accounts and Inventory excluded from Eligible Accounts and Eligible Inventory and the reason for such exclusion;

(iii) a schedule and aging of each Borrower's and each Guarantor's accounts payable presented at the vendor level; and

(iv) a detailed aged trial balance of all Accounts of each Borrower as of the end of the preceding month (or shorter applicable period), specifying each Account's Account Debtor name and address (if requested), amount, invoice date and due date and, at the Agent's reasonable request, 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 reasonably request.

(h) promptly after a Senior Officer of any Borrower or any Subsidiary obtains knowledge thereof, notice of (i) the occurrence of any event that constitutes a Default or Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the applicable Borrower proposes to take with respect thereto and (ii) any litigation or governmental proceeding pending against any Borrower or any Subsidiary that could reasonably be expected to result in a Material Adverse Effect or a Material Adverse Change;

(i) any Borrower will promptly advise the Agent in writing after obtaining knowledge of any one or more of the following environmental matters, unless such environmental matters could not, individually or when aggregated with all other such matters, be reasonably expected to result in a Material Adverse Effect:

(i) Any pending or threatened Environmental Claim against any Loan Party or any current or former Real Estate;

(ii) Any condition or occurrence on or otherwise related to any current or former Real Estate that (A) could reasonably be expected to result in noncompliance by any Loan Party with any applicable Environmental Law or (B) could reasonably be anticipated to form the basis of an Environmental Claim against any Loan Party or any current or former Real Estate;

(iii) Any condition or occurrence on or otherwise related to any current or former Real Estate that could reasonably be anticipated to cause such Real Estate to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Estate under any Environmental Law; and

(iv) The conduct of, or need to conduct, any investigation, or any removal, remedial or other corrective action in response to the actual or alleged presence, release or threatened release of any Hazardous Material on, at, under or from any current or former Real Estate or otherwise related to Environmental Law.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the response thereto. The term "Real Estate" shall mean land, buildings and improvements owned or leased by any Loan Party, but excluding all operating fixtures and equipment, whether or not incorporated into improvements.

(j) promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by the Parent or any Subsidiary (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Lenders and the Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8) and copies of all financial statements, proxy statements, notices and reports that the Parent or any Subsidiary shall send to the holders of any publicly issued debt of the Parent and/or any Subsidiary in their capacity as such holders (in each case to the extent not theretofore delivered to the Lenders and the Agent pursuant to this Agreement) and, with reasonable promptness, such other information (financial or otherwise) as the Agent on its own behalf or on behalf of any Lender (acting through the Agent) may reasonably request in writing from time to time;

(k) not later than any date on which financial statements are delivered with respect to any Test Period in which a Pro Forma Adjustment is made as a result of the consummation of the acquisition of any Acquired Entity or Business by any Borrower or any Restricted Subsidiary for which there shall be a Pro Forma Adjustment, a Pro Forma Adjustment Certificate;

(l) reasonably promptly but not later than sixty (60) days following the occurrence of any change referred to in subclauses (i) through (iv) below, written notice of any change (i) in the legal name of any Loan Party, (ii) in the jurisdiction of organization or location of any Loan Party for purposes of the Uniform Commercial Code or PPSA, (iii) in the identity or type of organization of any Loan Party or (iv) in the Federal Taxpayer Identification Number or organizational identification number of any Loan Party. The applicable Borrower or Borrowers shall also promptly provide the Agent with certified Organic Documents reflecting any of the changes described in the first sentence of this clause (l).

(m) promptly after the sending or filing thereof, copies of any annual information report (including all actuarial reports and other schedules and attachments thereto) required to be filed with a Governmental Authority in connection with each Plan, any Foreign Plan that is required by Requirements of Laws to be funded or any Canadian Pension Plan; promptly upon receipt, copies of any notice, demand, inquiry or subpoena received in connection with any Plan or Canadian Pension Plan from a Governmental Authority (other than routine inquiries in the course of application for a favorable IRS determination letter); and at Agent's request, copies of any annual report required to be filed with a Governmental Authority in connection with any other Plan or Canadian Pension Plan.

Notwithstanding the foregoing, the obligations in paragraphs (a) and (b) of this Section 10.1.1 may be satisfied with respect to financial information of the Parent and the Subsidiaries by furnishing (A) the applicable financial statements of any direct or indirect parent of the Parent or (B) the Parent's (or any direct or indirect parent thereof's), as applicable, Form 10-K or 10-Q, as applicable, filed with the SEC (*provided* that, to the extent such information relates to a parent of the Parent, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Parent and the Restricted Subsidiaries, taken together on a standalone basis, on the other hand); and any documentation required to be delivered pursuant to this Section 10.1.1 may be delivered electronically and if so delivered, shall be deemed to be delivered on the date (i) on which the Loan Party Agent posts the materials containing such documents or information, or provides a link thereto, on the Loan Part Agent's website on the Internet, or (ii) on which such documents are posted on an Internet or intranet website, if any, to which each Lender and Agent have access (including www.sec.gov (or other website of the SEC), a commercial third-party website or a website sponsored by Agent), *provided* that, in any case, the Loan Party Agent shall provide written notice to Agent of any documents being delivered in accordance with clauses (i) or (ii) above on the date such documents are posted, and paper copies of such documents shall be delivered to Agent upon its written request.

10.1.2 Books, Records and Inspections. The Borrowers will, and will cause each of their respective Subsidiaries to, permit officers and designated representatives of the Agent or the Required Lenders to visit and inspect any of their properties or assets in whomsoever's possession to the extent that it is within such party's control to permit such inspection, and to examine their books and records and discuss their affairs, finances and accounts with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as the Agent or the Required Lenders may desire; *provided* that, excluding any such visits and inspections during the continuation of an Event of Default, only the Agent (or any of its representatives or independent contractors) on behalf of the Required Lenders may exercise rights of the Agent and the Lenders under this Section 10.1.2 and the Agent shall not exercise such rights more often than two times during any calendar year absent the existence of an Event of Default and only one such time shall be at the Borrowers' expense unless a Cash Dominion Event has occurred and is continuing, in which case the second time shall also be at the Borrowers' expense; *provided* *further* that when an Event of Default exists, the Agent (or any of its representatives or independent contractors) or any representative of the Required Lenders may do any of the foregoing at the expense of the Borrowers at any time during normal business hours and upon reasonable advance notice. The Agent and the Required Lenders shall give any Borrower the opportunity to participate in any discussions with such Borrower's independent public accountants.

10.1.3 **Collateral Access Agreements**. Each Borrower and each Guarantor shall use commercially reasonable efforts to obtain a Collateral Access Agreement with respect to Inventory which is located in any location leased by such Loan Party, located in any third-party warehouse or otherwise in the possession of a bailee or other third-party, in each case, to the extent the Cost of Inventory at such location, or held by such bailee or third person exceeds $1,000,000 in the aggregate. For purposes of determining Canadian Eligible Inventory and U.S. Eligible Inventory under the Borrowing Base, until the expiration of the Temporary Eligibility Period, the Borrowers shall be deemed to have obtained such Collateral Access Agreements at all such locations.

10.1.4 **Payment of Taxes**. Each Loan Party will pay and discharge, and will cause each Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which material penalties attach thereto, and all lawful material claims that, if unpaid, could reasonably be expected to become a material Lien upon any properties of such Loan Party or any Restricted Subsidiary, *provided* that no Loan Party, nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of the management of such Loan Party) with respect thereto in accordance with GAAP and the failure to pay could not reasonably be expected to result in a Material Adverse Effect.

10.1.5 **Maintenance of Insurance**. The Borrowers will, and will cause each Material Subsidiary to, at all times maintain in full force and effect, with insurance companies that each Borrower believes (in the good faith judgment of the management of such Borrower) are financially sound and responsible at the time the relevant coverage is placed or renewed, insurance in at least such amounts (after giving effect to any self-insurance which such Borrower believes (in the good faith judgment of management of such Borrower) is reasonable and prudent in light of the size and nature of its business) and against at least such risks (and with such risk retentions) as such Borrower believes (in the good faith judgment of management of such Borrower) is reasonable and prudent in light of the size and nature of its business; and will furnish to the Agent (for delivery to the Lenders), upon written request from the Agent, information presented in reasonable detail as to the insurance so carried.

10.1.6 **Consolidated Corporate Franchises**. Each Borrower will do, and will cause each Material Subsidiary to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, corporate rights and authority, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; *provided*, *however*, that any Borrower and its Subsidiaries may consummate any transaction permitted under Section 10.2.3, 10.2.4 or 10.2.5.

10.1.7 Compliance with Statutes, Regulations, etc. Each Borrower will, and will cause each Subsidiary to, comply with all applicable laws, rules, regulations and orders applicable to it or its property, including all governmental approvals or authorizations required to conduct its business, and to maintain all such governmental approvals or authorizations in full force and effect, in each case except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

10.1.8 ERISA. Promptly after any Borrower or any Subsidiary or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following events that, individually or in the aggregate (including in the aggregate such events previously disclosed or exempt from disclosure hereunder, to the extent the liability therefor remains outstanding), would be reasonably likely to have a Material Adverse Effect, the Loan Party Agent will deliver to each Lender a certificate of a Senior Officer of the applicable Borrower setting forth details as to such occurrence and the action, if any, that such Borrower, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by such Borrower, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application is to be made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan having an Unfunded Current Liability has been or is to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA (including the giving of written notice thereof); that a Plan has an Unfunded Current Liability that has or will result in a lien under ERISA or the Code; that proceedings will be or have been instituted to terminate a Plan having an Unfunded Current Liability (including the giving of written notice thereof); that a proceeding has been instituted against a Borrower, a Subsidiary or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the PBGC has notified any Borrower, any Subsidiary or any ERISA Affiliate of its intention to appoint a trustee to administer any Plan; that any Borrower, any Subsidiary or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Plan; or that any Borrower, any Subsidiary or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any liability (including any contingent or secondary liability) to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code.

10.1.9 Canadian Pension Plans.

(a) Promptly after any Canadian Domiciled Loan Party or any Subsidiary or any Affiliate knows or has reason to know of the occurrence of any of the following events, the applicable Canadian Domiciled Loan Party will deliver to the Agent a certificate of a Senior Officer of the applicable Canadian Domiciled Loan Party setting forth details as to such occurrence and the action, if any, that such Canadian Domiciled Loan Party, such Subsidiary or such Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by such Canadian Domiciled Loan Party, such Subsidiary, such Affiliate, the FSCO, a Canadian

Employee Plan participant (other than notices relating to an individual participant's benefits) or the Canadian Employee Plan administrator with respect thereto: any violation or asserted violation of any Requirements of Law (including PBA), for which there is a reasonable likelihood that there will be an adverse determination, and such adverse determination would have or could reasonably be expected to have a Material Adverse Effect; the occurrence of any Termination Event.

(b) Each Canadian Domiciled Loan Party's and its Subsidiaries' Canadian Pension Plans shall be duly registered and administered in all respects in material compliance with, as applicable, the PBA, the Income Tax Act (Canada) and all other Requirements of Law (including regulations, orders and directives), and the terms of the Canadian Pension Plans and any agreements relating thereto. Each Canadian Domiciled Loan Party shall ensure that it and its Subsidiaries: (a) has no Unfunded Current Liability in respect of any Canadian Pension Plan, including any Canadian Pension 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 Canadian Pension Plan when due; (c) has no Lien on any of its or their property that arises or exists in respect of any Canadian Pension Plan except as disclosed in **Schedule 10.2.2**; (d) do not engage in a prohibited transaction or breach any applicable laws with respect to any Canadian Pension Plan that could reasonably be expected to result in a Material Adverse Effect in respect of such Canadian Pension Plan; (e) do not permit to occur or continue any Termination Event; and (f) not maintain, contribute or have any liability in respect of a Canadian Pension Plan which provides benefits on a defined benefit basis during the term of this Agreement.

10.1.10 **Maintenance of Properties**. Each Borrower will, and will cause each Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent that the failure to do so could reasonably be expected to have a Material Adverse Effect.

10.1.11 **Transactions with Affiliates**. Each Borrower will conduct, and cause each Restricted Subsidiary to conduct, all transactions with any of its Affiliates (other than the Borrowers or the Restricted Subsidiaries) on terms that are substantially as favorable to such Borrower or such Restricted Subsidiary as it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate, *provided* that the foregoing restrictions shall not apply to (a) the payment of customary investment banking fees paid to the Sponsor for services rendered to the Borrowers and the Subsidiaries in connection with divestitures, acquisitions, financings and other transactions, (b) transactions permitted by Section 10.2.6, (c) Transaction Expenses, (d) the issuance of Stock or Stock Equivalents of any Borrower to the management of such Borrower (or any direct or indirect parent thereof) or any of its Subsidiaries pursuant to arrangements described in clause (f) of this Section 10.1.11, (e) loans and other transactions by the Borrowers and the Restricted Subsidiaries to the extent permitted under Section 10.2, (f) employment and severance arrangements between the Borrowers and the Restricted Subsidiaries and their respective officers and employees in the Ordinary Course of Business, (g) payments by any Borrower (and any direct or indirect parent thereof) and the Restricted Subsidiaries pursuant to the tax sharing agreements among such Borrower (and any such parent) and the Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of such Borrower and the Restricted Subsidiaries, (h) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, managers, consultants, officers and employees of the Borrowers and the Restricted Subsidiaries in the Ordinary Course of Business to the extent attributable to the ownership or operation of the Borrowers and the Restricted Subsidiaries, (i) transactions pursuant to permitted agreements in existence on the Closing Date and set forth on **Schedule 10.1.11** or any amendment thereto to the extent such an amendment is not adverse, taken as a whole, to the Lenders in any material respect, and (j) customary payments by any Borrower and any Restricted Subsidiary to the Sponsor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures), which payments are approved by the majority of the members of the board of directors or a majority of the disinterested members of the board of directors of such Borrower (or any direct or indirect parent thereof), in good faith.

10.1.12 **End of Fiscal Years; Fiscal Quarters**. Each Borrower will, for financial reporting purposes, cause (a) each of Parent's, its, and each of its Subsidiaries', fiscal years to end on December 31 of each year and (b) each of Parent's, its, and each of its Subsidiaries', fiscal quarters to end on dates consistent with such fiscal year-end and such Borrower's past practice; *provided*, *however*, that such Borrower may, upon written notice to the Agent, change the financial reporting convention specified above to any other financial reporting convention reasonably acceptable to the Agent, in which case such Borrower and the Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting.

10.1.13 **Additional Canadian Domiciled Loan Parties and U.S. Domiciled Loan Parties**.

(a) Within 30 days of the date on which the book value of Inventory and Accounts of any direct or indirect Canadian Subsidiary exceeds $20,000,000, (i) the Initial Canadian Borrower will cause such Canadian Subsidiary to execute and deliver to Agent a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, in order for such Canadian Subsidiary to become a Canadian Borrower hereunder and (ii) a Senior Officer of the Loan Party Agent will execute and deliver to Agent a (A) Borrowing Base Certificate for such Canadian Subsidiary effective as of not more than 25 days preceding the date on which such Canadian Subsidiary becomes a Canadian Borrower and (B) written notice of such Canadian Subsidiary's Applicable Canadian Borrower Commitment; *provided* that, prior to permitting such Canadian Subsidiary to borrow any Canadian Revolver Loans or obtain the issuance of any Canadian Letters of Credit hereunder, the Agent, in its discretion, shall have the right to conduct an appraisal and field examinations with respect to such Canadian Subsidiary, including, without limitation, of (x) such Canadian Subsidiary's practices in the computation of its Canadian Borrowing Base and (y) the assets included in such Canadian Subsidiary's Canadian Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, in each case, prepared on a basis reasonably satisfactory to Agent and at the sole expense of such Canadian Subsidiary.

(b) Any Canadian Subsidiary may become a Canadian Borrower hereunder upon the execution and delivery to Agent (i) by such Canadian Subsidiary of a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, and (ii) by a Senior Officer of the Loan Party Agent, of a (A) Borrowing Base Certificate for such Canadian Subsidiary effective as of not more than 25 days preceding the date on which such Canadian Subsidiary becomes a Canadian Borrower and (B) written notice of such Canadian Subsidiary's Applicable Canadian Borrower Commitment; *provided* that, prior to permitting such Canadian Subsidiary to borrow any Canadian Revolver Loans or obtain the issuance of any Canadian Letters of Credit hereunder, the Agent, in its discretion, shall have the right to conduct an appraisal and field examination with respect to such Canadian Subsidiary, including, without limitation, of (x) such Canadian Subsidiary's practices in the computation of its Canadian Borrowing Base and (y) the assets included in such Canadian Subsidiary's Canadian Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, in each case, prepared on a basis reasonably satisfactory to Agent and at the sole expense of such Canadian Subsidiary.

(c) Except as set forth in Section 10.2.1(b)(ix) and 10.2.1(b)(x) and subject to any applicable limitations set forth in the Security Documents, each Borrower will cause each direct or indirect U.S. Subsidiary of MRC (other than any Excluded Subsidiary) formed or otherwise purchased or acquired after the date hereof (including pursuant to a Permitted Acquisition) or that has ceased to be an Excluded Subsidiary pursuant to clause (e), (f) or (h) of the definition of Excluded Subsidiary, in each case within 30 days of such date, to execute a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, in order for such Subsidiary to become a U.S. Borrower and/or a U.S. Facility Guarantor under Section 5.10 and a grantor under Section 7.1 or, to the extent reasonably requested by the Agent, enter into a new Security Document in form and substance reasonably satisfactory to the Agent and Loan Party Agent.

10.1.14 **<u>Use of Proceeds</u>**.

(a) The Borrowers will use the proceeds of all Revolver Loans made on the Closing Date to (a) refinance MRC's Indebtedness under the Existing U.S. Credit Agreement, (b) to refinance the Initial Canadian Borrower's Indebtedness under the Existing Canadian Credit Agreement and the ATB Financial Debt and (c) to pay Transaction Expenses.

(b) The Borrowers will use Letters of Credit and the proceeds of all other Revolver Loans and Swingline Loans (a) to finance ongoing working capital needs, (b) for other general corporate purposes of any Borrower, including to fund permitted distributions and Permitted Acquisitions and (c) to pay Transaction Expenses.

10.1.15 **<u>Appraisals; Field Examinations</u>**. At any time that the Agent reasonably requests, each Borrower will, and will cause each Guarantor to, permit the Agent or professionals (including consultants, accountants, lawyers and appraisers) retained by the Agent, on reasonable prior notice and during normal business hours and with reasonable frequency, to conduct appraisals and commercial finance examinations or updates thereof including, without limitation, of (a) such Borrower's practices in the computation of the Borrowing Base and (b) the assets included in the Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, in each case, prepared on a basis reasonably satisfactory to the Agent and at the sole expense of the Borrowers; *provided*, *however*, if no Default or Event of Default shall have occurred and be continuing, only one (1) such appraisal and one (1) such examination or update per fiscal year shall be conducted at the Borrowers' expense (exclusive of any appraisals and field examinations conducted pursuant to Section 10.1.13); *provided*, *further*, *however*, that if a Cash Dominion Event has occurred and is continuing, one (1) additional appraisal and one (1) additional examination or update per fiscal year may be conducted at the Borrowers' expense (exclusive of any appraisals and field examinations conducted pursuant to Section 10.1.13). The foregoing shall not limit the Agent's ability to perform additional appraisals, examinations and updates at the sole expense of the Borrowers upon the occurrence and continuance of a Default or Event of Default.

10.1.16 Further Assurances.

(a) Each Borrower will, and will cause each other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any applicable law, or which the Agent or the Required Lenders may reasonably request, in order to grant, preserve, protect and perfect the validity and priority of the Liens created or intended to be created by the Security Documents, all at the expense of the Loan Parties.

(b) If any assets are acquired by any Loan Party after the Closing Date (other than assets constituting Collateral under the Security Documents that become subject to the perfected Lien of the Security Documents upon acquisition thereof) that are of the nature secured by the Security Documents, the Loan Party Agent will notify the Agent, and, if requested by the Agent, such Loan Party will cause such assets to be subjected to a Lien securing the applicable Secured Obligations and will take, and cause the other Loan Parties to take, such actions as shall be necessary or reasonably requested by the Agent to grant and perfect such Liens consistent with the applicable requirements of the Security Documents, including actions described in clause (a) of this Section 10.1.16, all at the expense of the Loan Parties.

(c) Each Borrower agrees that it will, or will cause its relevant Subsidiaries to, complete each of the actions described on **Schedule 10.1.16(c)** as soon as commercially reasonable and by no later than the date set forth in **Schedule 10.1.16(c)** with respect to such action or such later date as the Agent may reasonably agree.

10.2 Negative Covenants. The Borrowers (for themselves and each of their respective Restricted Subsidiaries), jointly and severally, hereby covenant and agree that on the Closing Date and thereafter, until the Commitments, the Swingline Commitment and each Letter of Credit have terminated and the Loans, together with interest, fees and all other Obligations, are paid in full:

10.2.1 Limitation on Indebtedness.

(a) The Borrowers will not, and will not permit any of the Restricted Subsidiaries to, incur, create, assume or permit to exist, directly or indirectly (collectively, "incur" and collectively, an "incurrence"), any Indebtedness; *provided*, *however*, that the Borrowers and the Restricted Subsidiaries will be entitled to incur Indebtedness if the Consolidated Total Debt to Consolidated EBITDA Ratio at the time such additional Indebtedness is incurred would have been no greater than 5.50 to 1.0 determined on a Pro Forma Basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred and the application of proceeds therefrom had occurred at the beginning of the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1; *provided*, that such additional Indebtedness shall not be secured Indebtedness unless (i) the Secured Leverage Ratio at the time such additional Indebtedness is incurred would have been no greater than 5.0 to 1.0, determined on a Pro Forma Basis in the manner set forth above, (ii) such secured Indebtedness has a final maturity date no earlier than the date that is 180 days following the Facility Termination Date, (iii) the Liens securing such Indebtedness shall constitute Notes Priority Liens for purposes of the Intercreditor Agreement.

(b) The limitation set forth in clause (a) of this Section 10.2.1 will not prohibit any of the following:

(i) (A) Indebtedness arising under the Loan Documents and (B) Indebtedness arising under the Senior Secured Notes Indenture; *provided*, *however*, that with respect to any such Indebtedness specified in this subclause (i)(B) that is incurred after the Closing Date, such Indebtedness satisfies the terms set forth in the proviso at the end of Section 10.2.1(a);

(ii) Indebtedness of (A) any Loan Party owing to any Borrower or any Restricted Subsidiary, (B) any Subsidiary who is not a Loan Party owing to any other Subsidiary who is not a Loan Party and (C) subject to compliance with Section 10.2.5 at the time of the incurrence thereof, any Subsidiary who is not a Loan Party owing to any Loan Party;

(iii) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the Ordinary Course of Business (including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims);

(iv) subject to compliance with Section 10.2.5, Guarantee Obligations incurred by (A) Restricted Subsidiaries in respect of Indebtedness of any Borrower or other Restricted Subsidiaries that is permitted to be incurred under this Agreement and (B) any Borrower in respect of Indebtedness of Restricted Subsidiaries that is permitted to be incurred under this Agreement, *provided* that, except as provided in clauses (ix) and (x) below, there shall be no Guarantee (1) by a Restricted Subsidiary that is not a Guarantor of any Indebtedness of any Borrower and (2) in respect of any Permitted Additional Debt, unless such Guarantee is made by a Guarantor and, in the case of Permitted Additional Debt that is subordinated, is subordinated;

(v) Guarantee Obligations (A) incurred in the Ordinary Course of Business in respect of obligations of (or to) suppliers, customers, franchisees, lessors and licensees or (B) otherwise constituting Investments permitted by Section 10.2.5;

(vi) (A) Indebtedness (including Indebtedness arising under Capital Leases existing on the date hereof) incurred within 270 days of the acquisition, construction or improvement of fixed or capital assets to finance the acquisition, construction or improvement of such fixed or capital assets, (B) Indebtedness arising under Capital Leases entered into in connection with Permitted Sale Leasebacks and (C) Indebtedness arising under Capital Leases, other than Capital Leases in effect on the date hereof and Capital Leases entered into pursuant to subclauses (A) and (B) above, *provided*, that the aggregate amount of Indebtedness incurred pursuant to this subclause (C) shall not exceed $20,000,000 at any time outstanding, and (D) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (A), (B) or (C) above, *provided* that, except to the extent otherwise expressly permitted hereunder, the principal amount thereof (including pursuant to clause (C)) does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension, except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension;

(vii) Indebtedness outstanding on the date hereof (A) listed on **Schedule 10.2.1** and any modification, replacement, refinancing, refunding, renewal or extension thereof, *provided* that, except to the extent otherwise expressly permitted hereunder, (1) the principal amount thereof does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension, except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder and (2) the direct and contingent obligors with respect to such Indebtedness are not changed and (B) owing by any Borrower to any Restricted Subsidiary or by any Restricted Subsidiary to any Borrower or any other Restricted Subsidiary;

(viii) Indebtedness in respect of Hedge Agreements;

(ix) (A) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Restricted Subsidiary (or is a Restricted Subsidiary that survives a merger with such Person) or Indebtedness attaching to assets that are acquired by any Borrower or any Restricted Subsidiary, in each case, after the Closing Date as the result of a Permitted Acquisition, *provided*, that (1) such Indebtedness existed at the time such Person became a Restricted Subsidiary or at the time such assets were acquired and, in each case, was not created in anticipation thereof, (2) such Indebtedness is not guaranteed in any respect by any Borrower or any Restricted Subsidiary (other than by any such Person that so becomes a Restricted Subsidiary or is the survivor of a merger with such Person and any of its Subsidiaries) and (3) to the extent required under Section 10.1.13, such Person executes a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, in order to become a Loan Party, a Guarantor under Section 5.10 (if applicable) and a grantor under Section 7.1 or, to the extent reasonably requested by the Agent, enters into a new Security Document in form and substance reasonably satisfactory to the Agent and the Loan Party Agent, *provided* that the requirements of this subclause (3) shall not apply to (I) an aggregate amount at any time outstanding of up to the greater of (A) $300,000,000 or (B) 10% of Consolidated Total Assets at the time of the incurrence of such Indebtedness (less all Indebtedness as to which the proviso to clause (x)(A)(2) below then applies) at such time of such Indebtedness (and modifications, replacements, refinancings, refundings, renewals and extensions thereof pursuant to subclause (B) below) and (II) any Indebtedness of the type that could have been incurred under Section 10.2.1(b)(vi), and (B) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (A) above, *provided* that, except to the extent otherwise expressly permitted hereunder, (X) the principal amount of any such Indebtedness does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder and (Y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(x) (A) Permitted Additional Debt of MRC or any Restricted Subsidiary incurred to finance a Permitted Acquisition, *provided* that (1) if such Indebtedness is incurred by a Restricted Subsidiary that is not a Guarantor, such Indebtedness is not guaranteed by any Loan Party unless such Guarantee would be permitted at such time under Section 10.2.5(g) and (2) to the extent required under Section 10.1.13, such acquired Person executes a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, in order to become a Loan Party, a Guarantor under Section 5.10 (if applicable) and a grantor under Section 7.1 or, to the extent reasonably requested by the Agent, enters into a new Security Document in form and substance reasonably satisfactory to the Agent and the Loan Party Agent, *provided* that the requirements of this subclause (2) shall not apply to an aggregate amount at any time outstanding of up to the greater of (A) $300,000,000 or (B) 10% of Consolidated Total Assets at the time of the incurrence of such Indebtedness (less all Indebtedness as to which clause (I) of the proviso to clause (ix)(A)(3) above then applies) at such time of the aggregate of such Indebtedness (and modifications, replacements, refinancings, refundings, renewals and extensions thereof pursuant to subclause (B) below), and (B) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (A) above, *provided* that, except to the extent otherwise expressly permitted hereunder, (1) the principal amount of any such Indebtedness does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder and (2) the direct and contingent obligors with respect to such Indebtedness are not changed;

(xi) Indebtedness in respect of 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;

(xii) (A) 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 (B) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (A) above, provided that, except to the extent otherwise permitted hereunder, (1) 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 (2) the direct and contingent obligors with respect to such Indebtedness are not changed;

(xiii) (A) additional Indebtedness of MRC and its Restricted Subsidiaries and (B) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (A) above; *provided* that the aggregate amount of Indebtedness incurred and remaining outstanding pursuant to this clause (xiii) shall not at any time exceed the greater of (1) $300,000,000 and (2) 10% of Consolidated Total Assets at the time of the incurrence of such Indebtedness; *provided*, *however*, not more than the greater of (X) $50,000,000 and (Y) 1.5% of Consolidated Total Assets at the time of the incurrence of such Indebtedness in aggregate principal amount of Indebtedness of any Borrower or any Guarantor incurred under this clause (xiii) shall be secured;

(xiv) 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;

(xv) Indebtedness in respect of overdraft facilities, employee credit card programs and other cash management arrangements in the Ordinary Course of Business;

(xvi) unsecured Indebtedness in respect of obligations of any Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services, *provided* that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms (which require that all such payments be made within 60 days after the incurrence of the related obligation) in the Ordinary Course of Business and not in connection with the borrowing of money or Hedge Agreements;

(xvii) Indebtedness arising from agreements of any Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, entered into in connection with Permitted Acquisitions, other Investments and the disposition of any business, assets or capital stock permitted hereunder, other than Guarantee Obligations incurred by any Person acquiring all or any portion of such business, assets or capital stock for the purpose of financing such acquisition, *provided* that (A) such Indebtedness is not reflected on the balance sheet of any Borrower or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (A)) and (B) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received by the Borrowers and the Restricted Subsidiaries in connection with such disposition;

(xviii) Indebtedness of any Borrower or any Restricted Subsidiary consisting of (A) obligations to pay insurance premiums or (B) take or pay obligations contained in supply agreements, in each case, arising in the Ordinary Course of Business and not in connection with the borrowing of money or Hedge Agreements;

(xix) Indebtedness representing deferred compensation to employees of the Borrowers (or any direct or indirect parent thereof) and the Restricted Subsidiaries incurred in the Ordinary Course of Business;

(xx) unsecured, Subordinated Indebtedness consisting of promissory notes in an aggregate principal amount of not more than $10,000,000 issued by any Borrower or any Guarantor to current or former officers, managers, consultants, directors and employees (or their respective spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees) to finance the purchase or redemption of Stock or Stock Equivalents of such Borrower (or any direct or indirect parent thereof) permitted by Section 10.2.6;

(xxi) Indebtedness consisting of obligations of the Borrowers or the Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with Permitted Acquisitions or any other Investment expressly permitted hereunder;

(xxii) 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; and

(xxiii) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (i) through (xxii) above.

10.2.2 **Limitation on Liens**. The Borrowers will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of such Borrower or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Credit Documents;

(b) Permitted Liens;

(c) (i) Liens securing Indebtedness permitted pursuant to Section 10.2.1 (b)(vi), *provided* that (A) such Liens attach at all times only to the assets so financed except for accessions to such property and the proceeds and the products thereof and (B) that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender, and (ii) Liens on the assets of Restricted Subsidiaries that are not Loan Parties securing Indebtedness permitted pursuant to Section 10.2.1 (b)(xiii) and (xv);

(d) Liens existing on the date hereof and listed on **Schedule 10.2.2**;

(e) The replacement, extension or renewal of any Lien permitted by clauses (a) through (d) above and clause (f) of this Section 10.2.2 upon or in the same assets (other than after acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 10.2.1(b) and proceeds and products thereof) theretofore subject to such Lien or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor except to the extent otherwise permitted hereunder) of the Indebtedness secured thereby;

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary (or is a Restricted Subsidiary that survives a merger with such Person), or existing on assets acquired, pursuant to a Permitted Acquisition or other Investment to the extent the Liens on such assets secure Indebtedness permitted by Section 10.2.1(b)(ix) or other obligations permitted by this Agreement, *provided* that such Liens attach at all times only to the same assets that such Liens (other than after acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 10.2.1(b) and proceeds and products thereof) attached to, and secure only the same Indebtedness or obligations (or any modifications, refinancings, extensions, renewals, refundings or replacements of such Indebtedness permitted by Section 10.2.1(b)) that such Liens secured, immediately prior to such Permitted Acquisition or other Investment, as applicable;

(g) (i) Liens placed upon the Stock and Stock Equivalents of any Restricted Subsidiary that is not a Loan Party acquired pursuant to a Permitted Acquisition to secure Indebtedness incurred pursuant to Section 10.2.1(x) in connection with such Permitted Acquisition and (ii) Liens placed upon the assets of any Restricted Subsidiary that is not a Loan Party to secure a guarantee by, or Indebtedness of, such Restricted Subsidiary of any Indebtedness of any Borrower or any other Restricted Subsidiary incurred pursuant to Section 10.2.1(x);

(h) Liens securing Indebtedness or other obligations of any Loan Party or a Subsidiary in favor of any Loan Party or any Subsidiary that is a Loan Party and Liens securing Indebtedness or other obligations of any Subsidiary that is not a Loan Party in favor of any Subsidiary that is not a Loan Party;

(i) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the Ordinary Course of Business; and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(j) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 10.2.5 to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under Section 10.2.4, in each case, solely to the extent such Investment or sale, disposition, transfer or lease, as the case may be, would have been permitted on the date of the creation of such Lien;

(k) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by any Borrower or any Restricted Subsidiary in the Ordinary Course of Business permitted by this Agreement;

(l) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 10.2.5;

(m) 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;

(n) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of any Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the Ordinary Course of Business of such Borrower and the Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of any Borrower or any Restricted Subsidiary in the Ordinary Course of Business;

(o) Liens solely on any cash earnest money deposits made by any Borrower or any Restricted Subsidiary in connection with any letter of intent or purchase agreement permitted hereunder;

(p) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(q) Liens securing the Senior Secured Notes; *provided*, that with respect to any such Senior Secured Notes issued after December 21, 2009, such Indebtedness is permitted to be secured in accordance with the proviso at the end of Section 10.2.1(a);

(r) Liens securing Indebtedness permitted under Section 10.2.1(a), to the extent permitted in accordance with the proviso at the end of such Section 10.2.1(a);

(s) Liens securing obligations under Hedge Agreements that are not Secured Bank Product Obligations; *provided*, that such Liens constitute Notes Priority Liens for purposes of the Intercreditor Agreement;

(t) additional Liens so long as (i) 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 and (ii) to the extent such additional Liens attach to any Accounts or Inventory of any Borrower, such Liens are subordinated to the Lien of Agent, for the benefit of the Secured Parties, pursuant to an intercreditor agreement in form and substance reasonably satisfactory to Agent and Loan Party Agent; and

(u) Liens on Stock in joint ventures held by any Borrower provided such joint venture is not a Guarantor.

10.2.3 **Limitation on Fundamental Changes**. Except as expressly permitted by Section 10.2.4 or 10.2.5, each Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all its business units, assets or other properties, except that:

(a) so long as no Default or Event of Default would result therefrom, any Subsidiary of any Borrower or any other Person may be merged or consolidated with or into a Borrower, *provided* that (i) a Borrower shall be the continuing or surviving entity or (ii) if the Person formed by or surviving any such merger or consolidation is not a Borrower (such Person, the "Successor Borrower"), (A) in the case of a merger or consolidation by a U.S. Person, the Successor Borrower shall be an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia and, in the case of a merger or consolidation by a Canadian Person, the Successor Borrower shall be an entity organized or existing under the laws of Canada or any province thereof, (B) the Successor Borrower shall expressly assume all the obligations of a U.S. Borrower or a Canadian Borrower, as applicable, under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Agent, (C) each applicable Guarantor, unless it is the other party to such merger or consolidation, shall have by a supplement hereto confirmed that its Guarantee shall apply to the Successor Borrower's obligations under this Agreement, (D) each U.S. Domiciled Loan Party and each Canadian Domiciled Loan Party, as applicable, unless it is the other party to such merger or consolidation, shall have by a supplement to this Agreement confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement, and (E) the Borrower shall have delivered to the Agent (1) an officer's certificate stating that such merger or consolidation and such supplements to this Agreement preserve the enforceability of the Guarantee and the perfection and priority of the Liens under the Security Documents and (2) if reasonably requested by the Agent, an opinion of counsel to the effect that such merger or consolidation does not violate this Agreement or any other Loan Document, and *provided further* that if the foregoing are satisfied, the Successor Borrower will succeed to, and be substituted for, such Borrower under this Agreement;

(b) any Subsidiary of a Borrower (other than another Borrower) or any other Person may be merged, amalgamated or consolidated with or into any one or more Subsidiaries of such Borrower, *provided* that (i) in the case of any merger, amalgamation or consolidation involving one or more Restricted Subsidiaries, (A) a Restricted Subsidiary shall be the continuing or surviving entity or (B) such Borrower shall take all steps necessary to cause the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Restricted Subsidiary) to become a Restricted Subsidiary, (ii) in the case of any merger, amalgamation or consolidation involving one or more Guarantors, a Guarantor shall be the continuing or surviving entity or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Guarantor) shall execute a supplement or joinder to this Agreement, substantially in the form of **Exhibit I**, in order to become a Guarantor under Section 5.10 and a grantor under Section 7.1 to the extent required under Section 10.1.13, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) any Indebtedness incurred to finance such merger, amalgamation or consolidation is permitted to be incurred by the Senior Secured Notes Indenture, and (v) such Borrower shall have delivered to the Agent an officer's certificate stating that such merger, amalgamation or consolidation and such supplements and/or joinders to any Security Document preserve the enforceability of the Guarantee and the perfection and priority of the Liens under the Security Documents;

(c) any Restricted Subsidiary that is not a Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any Borrower, a Guarantor or any other Restricted Subsidiary;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any Borrower or any other Guarantor; and

(e) any Restricted Subsidiary may liquidate or dissolve if (i) the Loan Party Agent determines in good faith that such liquidation or dissolution is in the best interests of the Borrowers and is not materially disadvantageous to the Lenders and (ii) to the extent such Restricted Subsidiary is a Loan Party, any assets or business not otherwise disposed of or transferred in accordance with Section 10.2.4 or 10.2.5, or, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, another Loan Party after giving effect to such liquidation or dissolution.

10.2.4 **Limitation on Sale of Assets**. Each Borrower will not, and will not permit any of the Restricted Subsidiaries to, (x) convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired (other than any such sale, transfer, assignment or other disposition resulting from any casualty or condemnation, of any assets of such Borrower or the Restricted Subsidiaries) or (y) sell to any Person (other than a Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's Stock and Stock Equivalents, except that:

(a) any Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of (i) inventory in the Ordinary Course of Business, (ii) used or surplus equipment, vehicles and other assets in the Ordinary Course of Business and (iii) Permitted Investments;

(b) any Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of other assets (other than accounts receivable) (each a "Disposition") for fair value, *provided* that:

(i) with respect to any Disposition pursuant to this clause (b) for a purchase price in excess of $10,000,000, such Borrower or a Restricted Subsidiary shall receive not less than 75% of such consideration in the form of cash or Permitted Investments; *provided* that for the purposes of this clause (i):

(A) any liabilities (as shown on such Borrower's or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of such Borrower or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the payment in cash of the Obligations, that are assumed by the transferee with respect to the applicable Disposition and for which such Borrower and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing,

(B) any securities received by such Borrower or such Restricted Subsidiary from such transferee that are converted by such Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable Disposition, and

(C) any Designated Non-Cash Consideration received by such Borrower or such Restricted Subsidiary in respect of such Disposition having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Section 10.2.4(b) and Section 10.2.4(c) that is at that time outstanding, not in excess of 6% of 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,

shall in each case under this clause (i) be deemed to be cash; and

(ii) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing;

(c) each Borrower and the Restricted Subsidiaries may make sales of assets to any Borrower or to any Restricted Subsidiary, *provided* that with respect to any such sales to Restricted Subsidiaries that are not Guarantors:

(i) such sale, transfer or disposition shall be for fair value;

(ii) with respect to any Disposition pursuant to this clause (c) for a purchase price in excess of $10,000,000, such Borrower or a Restricted Subsidiary shall receive not less than 75% of such consideration in the form of cash or Permitted Investments; *provided* that for the purposes of this clause (ii):

(A) any liabilities (as shown on such Borrower's or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of such Borrower or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the payment in cash of the Obligations, that are assumed by the transferee with respect to the applicable Disposition and for which such Borrower and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing,

(B) any securities received by such Borrower or such Restricted Subsidiary from such transferee that are converted by such Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable Disposition,

(C) any Designated Non-Cash Consideration received by such Borrower or such Restricted Subsidiary in respect of such Disposition having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Section 10.2.4(c) and Section 10.2.4(b) that is at that time outstanding, not in excess of 6% of 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,

shall in each case under this clause (ii) be deemed to be cash.

(d) any Borrower and any Restricted Subsidiary may effect any transaction permitted by Section 10.2.3, 10.2.5 or 10.2.6;

(e) in addition to selling or transferring accounts receivable pursuant to the other provisions hereof, MRC and the Restricted Subsidiaries may sell or discount without recourse accounts receivable arising in the Ordinary Course of Business in connection with the compromise or collection thereof consistent with such Person's current credit and collection practices;

(f) any Borrower and any Restricted Subsidiary may lease, sublease, license or sublicense (on a non-exclusive basis with respect to any intellectual property) real, personal or intellectual property in the Ordinary Course of Business;

(g) any Borrower and any Restricted Subsidiary may make sales, transfers and other dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(h) any Borrower and any Restricted Subsidiary may make sales, transfers and other dispositions of property pursuant to Permitted Sale Leaseback transactions;

(i) any Borrower and any Restricted Subsidiary may make Dispositions of Non-Core Assets; and

(j) any Borrower and any Restricted Subsidiary may make sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements.

10.2.5 **Limitation on Investments**. Each Borrower will not, and will not permit any of the Restricted Subsidiaries to, make any advance, loan, extensions of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets of, or make any other Investment in, any Person, except:

(a) extensions of trade credit and asset purchases in the Ordinary Course of Business;

(b) Permitted Investments;

(c) loans and advances to officers, directors and employees of any Borrower (or any direct or indirect parent thereof) or any of its Subsidiaries (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes (including employee payroll advances), (ii) in connection with such Person's purchase of Stock or Stock Equivalents of such Borrower (or any direct or indirect parent thereof) to the extent that the amount of such loans and advances are contributed to such Borrower in cash and (iii) for purposes not described in the foregoing clauses (i) and (ii), in an aggregate principal amount outstanding not to exceed $5,000,000;

(d) Investments existing on, or contemplated as of, the date hereof and listed on **Schedule 10.2.5** and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (d) is not increased at any time above the amount of such Investments existing on the date hereof;

(e) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the Ordinary Course of Business or upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(f) Investments to the extent that payment for such Investments is made solely with Stock or Stock Equivalents of any Borrower;

(g) Investments in any Persons provided that after giving effect to such Investments, either (i) both (A) Excess Availability is greater than the higher of (1) 10% of the Commitments and (2) $75,000,000 and (B) the Consolidated Fixed Charge Coverage Ratio for the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 is greater than 1.0 to 1.0 or (ii) Excess Availability is greater than the higher of (A) 15% of the Commitments and (B) $125,000,000; *provided* that if the test set forth in clause (g)(i) or (g)(ii) above is not satisfied, then any Borrower shall be permitted to make Investments in an amount not to exceed $50,000,000 in the aggregate (net of repayments) since the last calculation date on which the Borrowers most recently met the test in clause (g)(i) or (g)(ii) above if, after giving effect to such Investments, either (1) the Consolidated Fixed Charge Coverage Ratio for the most recent Test Period for which financial statements have been delivered pursuant to Section 10.1.1 is greater than 1.0 to 1.0 or (2) Excess Availability is greater than the higher of (x) 10% of the Commitments and (y) $75,000,000;

(h) Investments constituting Permitted Acquisitions;

(i) Investments constituting non-cash proceeds of sales, transfers and other dispositions of assets to the extent permitted by Section 10.2.4;

(j) Investments made to repurchase or retire Stock of any Borrower or any direct or indirect parent thereof owned by any employee stock ownership plan or key employee stock ownership plan of such Borrower (or any direct or indirect parent thereof);

(k) Investments permitted under Section 10.2.6;

(l) loans and advances to any direct or indirect parent of any Borrower in lieu of, and not in excess of the amount of, dividends to the extent permitted to be made to such parent in accordance with Section 10.2.6;

(m) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the Ordinary Course of Business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the Ordinary Course of Business;

(n) Investments in the Ordinary Course of Business consisting of Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(o) advances of payroll payments to employees in the Ordinary Course of Business;

(p) Guarantee Obligations of any Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the Ordinary Course of Business;

(q) Investments made to repurchase or retire equity interests of any Borrower (or any direct or indirect parent thereof) owned by any employee stock ownership plan or key employee stock ownership plan of any Borrower (or any direct or indirect parent thereof);

(r) Investments of a Restricted Subsidiary acquired after the Closing Date or of any Person merged into any Borrower or merged or consolidated with a Restricted Subsidiary in accordance with Section 10.2.3 after the Closing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation; and

(s) Investments constituting Guarantee Obligations of Indebtedness permitted under Section 10.2.1.

10.2.6 Limitation on Dividends. MRC will not declare or pay any dividends (other than dividends payable solely in its Stock) or return any capital to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its Stock or Stock Equivalents or the Stock or Stock Equivalents of any direct or indirect parent now or hereafter outstanding, or set aside any funds for any of the foregoing purposes, or permit any of its Restricted Subsidiaries to purchase or otherwise acquire for consideration (other than in connection with an Investment permitted by Section 10.2.5) any Stock or Stock Equivalents of MRC, now or hereafter outstanding (all of the foregoing "dividends"), *provided* that, (x) to the extent that a dividend, distribution or any other return of capital pursuant to clause (c) below is funded with a Borrowing hereunder, Excess Availability is not less than $100,000,000 after giving effect to such dividend, distribution or other return of capital and (y) so long as no Default or Event of Default exists or would exist after giving effect thereto:

(a) MRC may redeem in whole or in part any of its Stock or Stock Equivalents for another class of its Stock or Stock Equivalents or with proceeds from substantially concurrent equity contributions or issuances of new Stock or Stock Equivalents, *provided* that such new Stock or Stock Equivalents contain terms and provisions at least as advantageous to the Lenders in all respects material to their interests as those contained in the Stock or Stock Equivalents redeemed thereby;

(b) MRC may (or may make dividends to permit any direct or indirect parent thereof to) repurchase shares of its (or such parent's) Stock or Stock Equivalents held by officers, directors and employees of MRC and its Subsidiaries, so long as such repurchase is pursuant to, and in accordance with the terms of, management and/or employee stock plans, stock subscription agreements or shareholder agreements; *provided*, that the aggregate amount of all cash paid in respect of all such shares so repurchased in any calendar year does not exceed the sum of (i) $10,000,000 plus (ii) all amounts obtained by MRC during such calendar year from the sale of such Stock or Stock Equivalents to other officers, directors and employees of MRC and its Subsidiaries in connection with any permitted compensation and incentive arrangements plus (iii) all amounts obtained from any key-man life insurance policies received during such calendar year; *provided further* that the aggregate amount permitted by the foregoing proviso with respect to any calendar year commencing with 2012 shall be increased by 100% of the amount of unused share repurchases for the immediately preceding year (such amount, a "carry-over amount") without giving effect to any carryover amount that was added in such preceding calendar year and assuming any such carry-over amount is utilized first and so long as the aggregate amount of cash paid in respect of all such shares so repurchased in any calendar year does not exceed $20,000,000; and *provided still further* the aggregate amount of all cash paid in respect of all such shares so repurchased in any calendar year may exceed the aggregate amount permitted by the foregoing provisos if Excess Availability is not less than $100,000,000 after giving effect to such dividend, distribution or other return of capital;

(c) MRC may pay dividends on its Stock or Stock Equivalents, provided that after giving effect to such payment, either (i) both (A) Excess Availability is greater than the higher of (1) 15% of the Commitments and (2) $125,000,000 and (B) the Pro Forma Consolidated Fixed Charge Coverage Ratio is greater than 1.0 to 1.0 or (ii) Excess Availability is greater than the higher of (A) 20% of the Commitments and (B) $175,000,000, and provided further that the foregoing test shall not apply to any dividends paid with proceeds arising from a Qualified IPO; and

(d) MRC may pay dividends:

(i) to its direct or indirect parent in amounts sufficient for any such parent to pay its income tax obligations for so long as MRC or any Restricted Subsidiary is a member of a group filing a consolidated, combined, unitary, affiliated or other similar tax return with such parent; *provided* the amount of dividends paid under this clause (i) in respect of income tax obligations is limited to the extent such tax liability is directly attributable to the taxable income of MRC or its Subsidiaries (that are included in such consolidated, combined, unitary, affiliated or other similar tax return), determined as if MRC and such Subsidiaries filed a separate consolidated, combined, unitary, affiliated or other similar tax return as a stand-alone group and will be used to pay (or to make dividends to allow any direct or indirect parent to pay), within 30 days of the receipt thereof, the tax liability to each relevant jurisdiction in respect of such consolidated, combined, unitary, affiliated or other similar returns;

(ii) the proceeds of which shall be used to allow any direct or indirect parent of MRC to pay (A) its operating expenses incurred in the Ordinary Course of Business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the Ordinary Course of Business, in an aggregate amount not to exceed $2,000,000 in any fiscal year of MRC plus any reasonable and customary indemnification claims made by directors or officers of MRC (or any parent thereof) attributable to the ownership or operations of MRC and its Subsidiaries or (B) fees and expenses otherwise (1) due and payable by MRC or any of its Subsidiaries and (2) permitted to be paid by MRC or such Subsidiary under this Agreement;

(iii) without duplication of clause (i), above, the proceeds of which shall be used to pay franchise taxes and other fees, taxes and expenses required to maintain the corporate existence of any direct or indirect parent of MRC or its Restricted Subsidiaries, within thirty (30) days of the receipt thereof;

(iv) to any direct or indirect parent of MRC to finance any Investment permitted to be made pursuant to Section 10.2.5; *provided* that (A) such dividend shall be made substantially concurrently with the closing of such Investment and (B) such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets, Stock or Stock Equivalents) to be contributed to MRC or its Restricted Subsidiaries or (2) the merger (to the extent permitted in Section 10.2.5) of the Person formed or acquired into MRC or its Restricted Subsidiaries in order to consummate such Permitted Acquisition.

10.2.7 <u>Limitations on Debt Payments and Amendments</u>.

(a) Each Borrower will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise defease any Subordinated Indebtedness; *provided*, *however*, that so long as no Default or Event of Default shall have occurred and be continuing at the date of such prepayment, repurchase, redemption or other defeasance or would result after giving effect thereto, any Borrower or any Restricted Subsidiary may prepay, repurchase or redeem Subordinated Indebtedness if either (A) both (1) Excess Availability is greater than the higher of (x) 15% of the Commitments and (y) $125,000,000 and (2) the Pro Forma Consolidated Fixed Charge Coverage Ratio is greater than 1.0 to 1.0 or (B) Excess Availability is greater than the higher of (1) 20% of the Commitments and (2) $175,000,000, in each case after giving effect to such prepayment, repurchase, redemption or other defeasance, with the proceeds of Subordinated Indebtedness that (A) is permitted by Section 10.2.1(b) (other than Section 10.2.1(b)(xiv)) and (B) has terms not materially less advantageous to the Lenders than those of such Subordinated Indebtedness being refinanced.

(b) Each Borrower will not waive, amend, modify, terminate or release any Subordinated Indebtedness to the extent that any such waiver, amendment, modification, termination or release would be adverse to the Lenders in any material respect.

(c) The Initial Canadian Borrower will not, and will not permit any Restricted Subsidiary to, make any payment with respect to the Subordinated Indebtedness covered by the Subordination Agreement except for the discharge of such Subordinated Indebtedness as permitted under the Subordination Agreement.

10.2.8 <u>Limitations on Sale Leasebacks</u>. Each Borrower will not, and will not permit any Restricted Subsidiary to, enter into or effect any Sale Leasebacks, other than Permitted Sale Leasebacks.

10.2.9 <u>Changes in Business</u>. The Borrowers and the Subsidiaries, taken as a whole, will not fundamentally and substantively alter the character of their business, taken as a whole, from the business conducted by the Borrowers and the Subsidiaries, taken as a whole, on the Closing Date and other business activities incidental or related to any of the foregoing.

10.2.10 <u>Burdensome Agreements</u>. Each Borrower will not, and will not permit any Restricted Subsidiary to, enter into or permit to exist any contractual obligation (other than this Agreement or any other Loan Document) that limits the ability of (a) any Restricted Subsidiary that is not a Borrower or Guarantor to make dividends to any Borrower or any Guarantor or (b) such Borrower or any Guarantor to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Lenders with respect to the Secured Obligations; *provided* that the foregoing clauses (a) and (b) shall not apply to contractual obligations which (i)(A) exist on the date hereof and (to the extent not otherwise permitted by this Section 10.2.10) are listed on **Schedule 10.2.10** and (B) to the extent contractual obligations permitted by clause (A) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of such contractual obligation, (ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a

Restricted Subsidiary of such Borrower, so long as such contractual obligations were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of such Borrower; (iii) represent Indebtedness of a Restricted Subsidiary of such Borrower which is not a Loan Party which is permitted by Section 10.2.1, (iv) arise in connection with any Disposition permitted by Section 10.2.4, (v) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 10.2.5 and applicable solely to such joint venture entered into in the Ordinary Course of Business, (vi) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 10.2.1 but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness, (vii) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the assets subject thereto, (viii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 10.2.1 to the extent that such restrictions apply only to the property or assets securing such Indebtedness or, in the case of secured Indebtedness incurred pursuant to Section 10.2.1(b)(ix) or Section 10.1.(b)(x) only, to the Restricted Subsidiaries incurring or guaranteeing such Indebtedness, (ix) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of such Borrower or any Restricted Subsidiary, (x) are customary provisions restricting assignment of any agreement entered into in the Ordinary Course of Business, (xi) are restrictions on cash or other deposits imposed by customers under contracts entered into in the Ordinary Course of Business, and (xii) exist under the Senior Secured Notes Indenture or any documentation relating to such debt.

10.3 Financial Covenants. As long as any Commitments or Obligations are outstanding:

10.3.1 Consolidated Fixed Charge Coverage Ratio. The Parent and its Subsidiaries shall maintain, as of the last day of each fiscal quarter during the occurrence and continuance of a FCCR Test Event, a Consolidated Fixed Charge Coverage Ratio of at least 1.0 to 1.0 for the Test Period ending on the last day of such fiscal quarter.

SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT

11.1 Events of Default. Upon the occurrence of any of the following specified events (each, an "Event of Default"), if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

11.1.1 Payments. Any Borrower shall (a) default in the payment when due of any principal of the Loans or (b) default in the payment when due of any interest on the Loans or any Fees or any other amounts owing hereunder or under any other Loan Document and, so long as no Cash Dominion Event exists, such default shall continue for five or more days; or

11.1.2 Representations, etc. Any representation, warranty or statement made or deemed made by any Loan Party herein or in any Security Document or any certificate, statement, report or other document delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

11.1.3 Covenants. Any Loan Party shall:

(a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 10.1.1(h), Section 10.1.14, Section 10.2 or Section 10.3;

(b) default in the due performance or observance by it of any term, covenant or agreement contained in Section 10.1.1(f) and such default shall continue unremedied for a period of at least ten (10) Business Days (which period is shortened to four (4) Business Days if an FCCR Test Event is continuing) after the earlier of the date on which a Senior Officer of such Loan Party has knowledge of such default and the date of receipt of written notice by such Loan Party from the Agent or the Required Lenders; or

(c) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 11.1.1 or 11.1.2 or clauses (a) or (b) of this Section 11.1.3) contained in this Agreement, any Security Document or the Fee Letter and such default shall continue unremedied for a period of at least thirty (30) days after receipt of written notice by such Loan Party from the Agent or the Required Lenders; or

11.1.4 Default Under Other Agreements. (a) Any of the Borrowers or any of the Restricted Subsidiaries shall (i) default in any payment with respect to any Indebtedness (other than the Obligations) in excess of $30,000,000 in the aggregate, for such Borrowers and such Restricted Subsidiaries, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist (other than, with respect to Indebtedness consisting of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due prior to its stated maturity; or (b) without limiting the provisions of clause (a) above, any such Indebtedness shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (and, with respect to Indebtedness consisting of any Hedge Agreements, other than due to a termination event or equivalent event pursuant to the terms of such Hedge Agreements), prior to the stated maturity thereof; or

11.1.5 Bankruptcy, etc. (a) Any Borrower or any Specified Subsidiary shall commence a voluntary Insolvency Proceeding (b) any Foreign Subsidiary that is a Specified Subsidiary, shall commence a voluntary case, proceeding or action under domestic or foreign law relating to bankruptcy, judicial management, insolvency reorganization or relief of debtors legislation of its jurisdiction of incorporation, in each case as now or hereafter in effect, or any successor thereto, (c) an involuntary Insolvency Proceeding is commenced against any Borrower or any Specified Subsidiary and the petition is not controverted within 10 days after commencement thereof; (d) an involuntary Insolvency Proceeding is commenced against any Borrower or any Specified Subsidiary and the petition is not dismissed within 60 days after commencement thereof; (e) a Creditor Representative or similar Person is appointed for, or takes charge of, all or substantially all of the property of any Borrower or any Specified Subsidiary; (f) any Borrower or any Specified Subsidiary commences any other proceeding or action under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to any Borrower or any Specified Subsidiary; (g) there is commenced against any Borrower or any Specified Subsidiary any such proceeding or action that remains undismissed for a period of 60 days; (h) any Borrower or any Specified Subsidiary is adjudicated insolvent or bankrupt; (i) any order of relief or other order approving any such case or proceeding or action is entered; (j) any Borrower or any Specified Subsidiary suffers any appointment of any Creditor Representative or the like for it or any substantial part of its Property to continue undischarged or unstayed for a period of 60 days; (k) any Borrower or any Specified Subsidiary makes a general assignment for the benefit of creditors; (l) any corporate action is taken by any Borrower or any Specified Subsidiary for the purpose of effecting any of the foregoing; or

11.1.6 **ERISA**. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code; any Plan is or shall have been terminated or is the subject of termination proceedings under ERISA (including the giving of written notice thereof); an event shall have occurred or a condition shall exist in either case entitling the PBGC to terminate any Plan or to appoint a trustee to administer any Plan (including the giving of written notice thereof); any Plan shall have an accumulated funding deficiency (whether or not waived); any Borrower or any Subsidiary or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code (including the giving of written notice thereof); (b) there could result from any event or events set forth in clause (a) of this Section 11.1.6 the imposition of a lien, the granting of a security interest, or a liability, or the reasonable likelihood of incurring a lien, security interest or liability; and (c) such lien, security interest or liability will or would be reasonably likely to have a Material Adverse Effect; or

11.1.7 **Canadian Pension Plan**. (a) A Termination Event shall occur or any Canadian Multi-Employer Plan shall be terminated, in each case, in circumstances which would result or could reasonably be expected to result in a Canadian Facility Loan Party being required to make a contribution to or in respect of a Canadian Pension Plan or a Canadian Multi-Employer Plan or results in the appointment, by FSCO, of an administrator to wind up a Canadian Pension Plan, (b) any Canadian Domiciled Loan Party is in default with respect to any required contributions to a Canadian Pension Plan; or (c) any Lien arises (save for contribution amounts not yet due) in connection with any Canadian Pension Plan, provided the events set forth in clauses (a), (b) and (c), individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect (it being acknowledged that, for purposes of this Section, funding deficiencies and other benefit liabilities existing as of the Closing Date shall be included in the determination of whether a Material Adverse Effect has occurred or exists); or

11.1.8 **Guarantee**. Any Guarantee provided by any Material Subsidiary or any material provision thereof shall cease to be in full force or effect or any such Guarantor thereunder or any Loan Party shall deny or disaffirm in writing any such Guarantor’s obligations under the Guarantee (or any of the foregoing shall occur with respect to a Guarantee provided by a Subsidiary that is not a Material Subsidiary and shall continue unremedied for a period of at least 5 Business Days after receipt of written notice to the Loan Party Agent from the Agent or the Required Lenders); or

11.1.9 **Security Documents**. Any Security Document pursuant to which the assets of any Borrower or any Material Subsidiary are pledged as Collateral or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof or thereof or as a result of acts or omissions of the Agent or any Lender) or any grantor thereunder or any Loan Party shall deny or disaffirm in writing any grantor's obligations under such Security Document (or any of the foregoing shall occur with respect to Collateral provided by a Subsidiary that is not a Material Subsidiary and shall continue unremedied for a period of at least 5 Business Days after receipt of written notice to the Loan Party Agent from the Agent or the Required Lenders); or

11.1.10 **Judgments**. One or more judgments or decrees shall be entered against any Borrower or any of the Restricted Subsidiaries involving a liability of $30,000,000 or more in the aggregate for all such judgments and decrees for the Borrowers and the Restricted Subsidiaries (to the extent not paid or fully covered by insurance provided by a carrier not disputing coverage) and any such judgments or decrees shall not have been satisfied, vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof; or

11.1.11 **Change of Control**. A Change of Control shall occur; or

11.1.12 **Intercreditor; Subordination**. The Intercreditor Agreement shall be invalidated or otherwise cease to constitute the legal, valid and binding obligations of the Senior Secured Notes Secured Parties (as defined therein) and the Subordinated Lien Secured Parties (as defined therein), enforceable in accordance with its terms or the subordination provisions of any document or instrument evidencing any Permitted Additional Debt or other Subordinated Indebtedness having a principal amount in excess of $15,000,000 that are subordinated shall be invalidated or otherwise cease to be legal, valid and binding obligations of the holders of such Permitted Additional Debt or other Subordinated Indebtedness, enforceable in accordance with their terms;

then, (1) upon the occurrence of any Event of Default described in Section 11.1.5, automatically, and (2) upon the occurrence of any other Event of Default, at the request of (or with the consent of) Required Lenders, upon notice to the Borrowers by the Agent, (A) the Commitment of each Lender and the obligation of any Fronting Bank to issue any Letter of Credit shall immediately terminate; (B) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Loan Party: (I) the unpaid principal amount of and accrued interest on the Loans, (II) an amount equal to the maximum amount that may at any time be drawn under all Letters of Credit then outstanding (regardless of whether any beneficiary under any such Letter of Credit shall have presented, or shall be entitled at such time to present, the drafts or other documents or certificates required to draw under such Letters of Credit), and (III) all other Obligations; *provided*, the foregoing shall not affect in any way the obligations of Lenders under Section 2.2.2 or 2.2.5; (C) the Agent may enforce any and all Liens and security interests created pursuant to Security Documents; and (D) the Agent shall direct the Borrowers to pay (and each Borrower hereby agrees upon receipt of such notice, or upon the occurrence of any Event of

Default specified in Section 11.1.5 to pay) to the Agent such additional amounts of cash as reasonably requested by any Fronting Bank, to be held as security for the Borrowers' reimbursement Obligations in respect of Letters of Credit then outstanding.

11.2 License. Agent is hereby granted an irrevocable (during the continuance of an Event of Default), non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Loan Party) any or all intellectual property of Loan Parties, 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 Loan Party's rights and interests under intellectual property shall inure to Agent's benefit.

11.3 Setoff. At any time during the continuation of an Event of Default, each of the Agent, any Fronting Bank, any Lender, and any of their Affiliates is authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Agent, Fronting Bank, such Lender or such Affiliate to or for the credit or the account of a Loan Party against any Obligations, irrespective of whether or not the Agent, such Fronting Bank, such Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or are owed to a branch or office of the Agent, such Fronting Bank, such Lender or such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of the Agent, each Fronting Bank, each Lender and each such Affiliate under this Section 11.3 are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

11.4 Remedies Cumulative; No Waiver.

11.4.1 Cumulative Rights. All agreements, warranties, guaranties, indemnities and other undertakings of Loan Parties under the Credit Documents are cumulative and not in derogation of each other. The rights and remedies of the Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.4.2 Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of the Agent or any Lender to require strict performance by Loan Parties with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of any Loan or issuance of any Letter of Credit during a Default, Event of Default or other failure to satisfy any conditions precedent; or (c) acceptance by the Agent or any Lender of any payment or performance by a Loan Party under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Loan Parties 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.

11.5 Judgment Currency. If, for the purpose of obtaining judgment in any court or obtaining an order enforcing a judgment, it becomes necessary to convert any amount due under this Agreement in Dollars or in any other currency (hereinafter in this Section 11.5 called the "first currency") into any other currency (hereinafter in this Section 11.5 called the "second currency"), then the conversion shall be made at the Agent's spot rate of exchange for buying the first currency with the second currency prevailing at the Agent's close of business on the Business Day next preceding the day on which the judgment is given or (as the case may be) the order is made. Any payment made by an Loan Party to any Credit Party pursuant to this Agreement in the second currency shall constitute a discharge of the obligations of any applicable Loan Parties to pay to such Credit Party any amount originally due to the Credit Party in the first currency under this Agreement only to the extent of the amount of the first currency which such Credit Party is able, on the date of the receipt by it of such payment in any second currency, to purchase, in accordance with such Credit Party's normal banking procedures, with the amount of such second currency so received. If the amount of the first currency falls short of the amount originally due to such Credit Party in the first currency under this Agreement, Loan Parties agree that they will indemnify each Credit Party against and save such Credit Party harmless from any shortfall so arising. This indemnity shall constitute an obligation of each such Loan Party separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due to any Credit Party under any Loan Documents or under any such judgment or order. Any such shortfall shall be deemed to constitute a loss suffered by such Credit Party and Loan Parties shall not be entitled to require any proof or evidence of any actual loss. If the amount of the first currency exceeds the amount originally due to a Credit Party in the first currency under this Agreement, such Credit Party shall promptly remit such excess to Loan Parties. The covenants contained in this Section 11.5 shall survive the Full Payment of the Obligations under this Agreement.

SECTION 12. AGENT

12.1 Appointment, Authority and Duties of Agent.

12.1.1 Appointment and Authority.

(a) Each Secured Party appoints and designates Bank of America as the Agent under all Loan Documents. The Agent may, and each Secured Party authorizes the Agent to, enter into all Loan Documents to which the Agent is intended to be a party and accept all Security Documents, for the Agent's benefit and the Pro Rata benefit of the Secured Parties. Each Secured Party agrees that any action taken by the Agent, Required Borrower Group Lenders or Required Lenders in accordance with the provisions of the Loan Documents, and the exercise by the Agent or Required Lenders of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, the Agent shall have the sole and exclusive authority to (i) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (ii) execute and deliver as the Agent each Loan Document, including any intercreditor or subordination agreement (or joinder thereto), and accept delivery of each Loan Document from any Loan Party or other Person; (iii) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (iv) manage, supervise or otherwise deal with Collateral; and (v) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral under the Loan Documents, Applicable Law or otherwise. The duties of the Agent shall be ministerial and administrative in nature, and the Agent shall not have a fiduciary relationship with any Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. The Agent alone shall be authorized to determine whether any Accounts or Inventory constitute Eligible Accounts or Eligible Inventory, whether to impose or release any reserve, or whether any conditions to funding or to issuance of a Letter of Credit have been satisfied, which determinations and judgments, if exercised in good faith, shall exonerate the Agent from liability to any Lender or other Person for any error in judgment.

(b) For the purposes of creating a solidarité active in accordance with Article 1541 of the Civil Code of Québec between each Secured Party, taken individually, on the one hand, and the Agent, on the other hand, each Loan Party and each such Secured Party acknowledge and agree with the Agent that such Secured Party and the Agent are hereby conferred the legal status of solidary creditors of each such Loan Party in respect of all Obligations owed by each such Loan Party to the Agent and such Secured Party hereunder and under the other Loan Documents (collectively, the "Solidary Claim") and that, accordingly, but subject (for the avoidance of doubt) to Article 1542 of the Civil Code of Québec, each such Loan Party is irrevocably bound towards the Agent and each Secured Party in respect of the entire Solidary Claim of the Agent and such Secured Party. As a result of the foregoing, the parties hereto acknowledge that the Agent and each Secured Party shall at all times have a valid and effective right of action for the entire Solidary Claim of the Agent and such Secured Party and the right to give full acquittance for it. Accordingly, and without limiting the generality of the foregoing, the Agent, as solidary creditor with each Secured Party, shall at all times have a valid and effective right of action in respect of the Solidary Claim and the right to give a full acquittance for same. By its execution of the Loan Documents to which it is a party, each such Loan Party not a party hereto shall also be deemed to have accepted the stipulations hereinabove provided. The parties further agree and acknowledge that such Liens (hypothecs) under the Security Documents and the other Loan Documents shall be granted to the Agent, for its own benefit and for the benefit of the Secured Parties, as solidary creditor as hereinabove set forth.

12.1.2 Duties. The Agent shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon the Agent of any right shall not imply a duty to exercise such right, unless instructed to do so by Lenders in accordance with this Agreement.

12.1.3 Agent Professionals. The Agent may perform its duties through agents and employees. The 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. The Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4 Instructions of Required Lenders. The rights and remedies conferred upon the Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. The Agent may request instructions from Required Lenders, Required Borrower Group Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents, and may seek assurances to its satisfaction from the Secured Parties of their indemnification obligations against all Claims that could be incurred by the Agent in connection with any act. The Agent shall be entitled to refrain from any act until it has received such instructions or assurances, and the Agent shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders or Required Borrower Group Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting in accordance with the instructions of Required Lenders or Required Borrower Group Lenders. Notwithstanding the foregoing, instructions by and consent of specific parties shall be required to the extent provided in Section 14.1.1. In no event shall the 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.

(a) Canadian Facility Secured Parties authorize the Agent to release any Lien with respect to any Canadian Facility Collateral (i) upon Full Payment of the Canadian Facility Obligations; (ii) that the Loan Party Agent certifies in writing to the Agent is permitted under Section 10.2.4 or a Lien which Loan Party Agent certifies is permitted under Section 10.2.2 and entitled to priority over the Agent's Liens (and the Agent may rely conclusively on any such certificate without further inquiry); (iii) that does not constitute a material part of the Canadian Facility Collateral; or (iv) with the written consent of all Canadian Lenders.

(b) U.S. Facility Secured Parties authorize the Agent to release any Lien with respect to any U.S. Facility Collateral (i) upon Full Payment of the U.S. Facility Obligations; (ii) that the Loan Party Agent certifies in writing to the Agent is permitted under Section 10.2.4 or a Lien which Loan Party Agent certifies is permitted to be sold under Section 10.2.2 and entitled to priority over the Agent's Liens (and the Agent may rely conclusively on any such certificate without further inquiry); (iii) that does not constitute a material part of the U.S. Facility Collateral; or (iv) with the written consent of all U.S. Lenders.

(c) The Agent shall have no obligation to assure that any Collateral exists or is owned by a Loan Party, or is cared for, protected or insured, nor to assure that the Agent's Liens have been properly created, perfected 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.

(a) The Agent and Canadian Facility Secured Parties appoint each Canadian Lender as agent (for the benefit of Canadian Facility Secured Parties) for the purpose of perfecting Liens in any Canadian Facility Collateral held or controlled by such Canadian Lender, to the extent such Liens are perfected by possession or control.

(b) The Agent and U.S. Facility Secured Parties appoint each U.S. Lender as agent (for the benefit of U.S. Facility Secured Parties) for the purpose of perfecting Liens in any U.S. Facility Collateral held or controlled by such U.S. Lender, to the extent such Liens are perfected by possession or control.

(c) If any Lender obtains possession or control of any Collateral, it shall notify the Agent thereof and, promptly upon the Agent's request, deliver such Collateral to the Agent or otherwise deal with it in accordance with the Agent's instructions.

12.2.3 Reports. The Agent shall promptly forward to each Applicable Lender, when complete, copies of any field audit, examination or appraisal report prepared by or for the Agent with respect to any Loan Party or Collateral ("Report"). Each Lender agrees (a) that neither Bank of America nor the 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 the 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 the applicable Loan Parties' books and records as well as upon representations of the applicable Loan Parties' 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 shall indemnify and hold harmless the 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 from any Claims arising as a direct or indirect result of the Agent furnishing a Report to such Lender.

12.3 Reliance By Agent. The 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 in good faith 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. The Agent shall have a reasonable and practicable amount of time to act upon any instruction, notice or other communication under any Loan Document, and shall not be liable for any delay in acting.

12.4 Action Upon Default. The Agent shall not be deemed to have knowledge of any Default or Event of Default, or of any failure to satisfy any conditions in Section 6, unless it has received written notice from a the Loan Party Agent, Required Lenders or Required Borrower Group Lenders specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default, Event of Default or of such conditions, it shall promptly notify the Agent and the other Lenders thereof in writing. Each Secured Party agrees that, except as otherwise provided in any Credit Documents or with the written consent of the Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations (other than Secured Bank Product Obligations), or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC or PPSA sales or other similar dispositions of Collateral or to assert any rights relating to any Collateral.

12.5 **Ratable Sharing**. If any Lender shall obtain any payment or reduction of any Obligation, whether through set-off 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 the Agent, any Fronting Bank and the other Applicable 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. Notwithstanding the foregoing, if a Defaulting Lender obtains a payment or reduction of any Obligation, it shall immediately turn over the amount thereof to the Agent for application under Section 4.2 and it shall provide a written statement to the Agent describing the Obligation affected by such payment or reduction. No Lender shall setoff against any Dominion Account without the prior consent of the Agent.

12.6 **Indemnification of Agent Indemnitees**. EACH LENDER SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY LOAN PARTIES (BUT WITHOUT LIMITING THE INDEMNIFICATION OBLIGATIONS OF LOAN PARTIES UNDER ANY CREDIT DOCUMENTS), ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY SUCH AGENT INDEMNITEE, *PROVIDED* THE ANY CLAIM AGAINST AN AGENT INDEMNITEE RELATES TO OR ARISES FROM ITS ACTING AS OR FOR THE AGENT (IN THE CAPACITY OF THE AGENT). In no event shall any Lender have any obligation hereunder to indemnify or hold harmless an Agent Indemnitee 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 willful misconduct of such Agent Indemnitee. In the Agent’s discretion, it may reserve for any Claims made against an Agent Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to the Secured Parties. If the Agent is sued by any Creditor Representative, debtor-in-possession or other Person for any alleged preference or fraudulent transfer, then any monies paid by the 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 the Agent by each Lender to the extent of its Pro Rata share.

12.7 **Limitation on Responsibilities of Agent**. The Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Credit Documents, except for losses directly and solely caused by the Agent’s gross negligence or willful misconduct. The Agent does not assume any responsibility for any failure or delay in performance or any breach by any Loan Party, Lender or other Secured Party of any obligations under the Credit Documents. The Agent does not make any express or implied warranty, representation or guarantee to the Secured Parties with respect to any Obligations, Collateral, Credit Documents or Loan Party. No Agent Indemnitee shall be responsible to the Secured Parties for any recitals, statements, information, representations or warranties contained in any Credit Documents; the execution, validity, genuineness, effectiveness or enforceability of any Credit Documents; the genuineness, enforceability, collectability, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectability of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Loan Party or Account Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any Loan Party of any terms of the Credit Documents, or the satisfaction of any conditions precedent contained in any Credit 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 Loan Party Agent Upon receipt of such notice, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a U.S. Lender or an Affiliate of a U.S. Lender; or (b) a commercial bank that is organized under the laws of the United States or any state or district thereof, has a combined capital surplus of at least $200,000,000 and (*provided* no Event of Default exists) is reasonably acceptable to Loan Party Agent. Upon acceptance by a successor Agent of an appointment to serve as the Agent hereunder, or upon appointment of Required Lenders as successor Agent, 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 14.2. 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 the Agent. Any successor to Bank of America by merger or acquisition of stock or this loan shall continue to be the 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 the Agent believes that it may be limited in the exercise of any rights or remedies under the Credit Documents due to any Applicable Law, the Agent may appoint an additional Person who is not so limited, as a separate collateral agent or co-collateral agent. If the Agent so appoints a collateral agent or co-collateral agent, each right and remedy intended to be available to the Agent under the Credit Documents shall also be vested in such separate agent. The Secured Parties shall execute and deliver such documents as the Agent deems appropriate to vest any rights or remedies in such agent. 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, to the extent permitted by Applicable Law, shall vest in and be exercised by the Agent until appointment of a new agent.

12.9 **Due Diligence and Non-Reliance**. Each Lender acknowledges and agrees that it has, independently and without reliance upon the 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 Loan Party and its own decision to enter into this Agreement and to fund Loans and participate in LC Obligations hereunder. Each Secured Party has made such inquiries as it deems necessary concerning the Credit Documents, the Collateral and each Loan Party. Each Secured Party further acknowledges and agrees that the other Secured Parties and the Agent have made no representations or warranties concerning any Loan Party, any Collateral or the legality, validity, sufficiency or enforceability of any Credit Documents or Obligations. Each Secured Party will, independently and without reliance upon any other Secured Party or the 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 any action under any Credit Documents. Except for notices, reports and other information expressly requested by a Lender, the Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to the Agent by any Loan Party or any credit or other information concerning the affairs, financial condition, business or Properties of any Loan Party (or any of its Affiliates) which may come into possession of the Agent or any of Agent's Affiliates.

12.10 **Remittance of Payments and Collections**.

12.10.1 **Remittances Generally**. All payments by any Lender to the 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 the Agent and request for payment is made by the Agent by 11:00 a.m. on a Business Day, payment shall be made by Lender not later than 2:00 p.m. on such day, and if request is made after 11:00 a.m., then payment shall be made by 11:00 a.m. on the next Business Day. Payment by the Agent to any Secured Party shall be made by wire transfer, in the type of funds received by the Agent. Any such payment shall be subject to the Agent's right of offset for any amounts due from such payee under the Loan Documents.

12.10.2 **Failure to Pay**. If any Secured Party fails to pay any amount when due by it to the Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by the Agent as customary in the banking industry for interbank compensation. In no event shall Loan Parties be entitled to receive credit for any interest paid by a Secured Party to the Agent, nor shall any Defaulting Lender be entitled to interest on any amounts held by Agent pursuant to Section 4.2.

12.10.3 **Recovery of Payments**. If the Agent pays any amount to a Secured Party in the expectation that a related payment will be received by the Agent from a Loan Party and such related payment is not received, then Agent may recover such amount from each Secured Party that received it. If the Agent determines at any time that an amount received under any Loan Document must be returned to a Loan Party or paid to any other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, the Agent shall not be required to distribute such amount to any Lender. If any amounts received and applied by the Agent to any Obligations are later required to be returned by the Agent pursuant to Applicable Law, each Lender shall pay to the Agent, on demand, such Lender's Pro Rata share of the amounts required to be returned.

12.11 **Agent in its Individual Capacity**. As a Lender, Bank of America shall have the same rights and remedies under the other Credit Documents as any other Lender, and the terms "Lenders," "Required Lenders", "Required Borrower Group Lenders" or any similar term shall include Bank of America in its capacity as a Lender. Each of Bank of America and its Affiliates may accept deposits from, lend money to, provide Bank Products to, act as financial or other advisor to, and generally engage in any kind of business with, the Loan Parties and their

Affiliates, as if Bank of America was not Agent hereunder, without any duty to account therefor to Lenders. In their individual capacities, Bank of America and its Affiliates may receive information regarding the Loan Parties, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and each Secured Party agrees that Bank of America and its Affiliates shall be under no obligation to provide such information to any Secured Party, if acquired in such individual capacity.

12.12 **Agent Titles**. Each Lender, other than Bank of America, that is designated (on the cover page of this Agreement or otherwise) by Bank of America as an "Agent" or "Arranger" 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.

12.13 **Bank Product Providers**. Each Secured Bank Product Provider that is not a Lender, by delivery of a joinder agreement in form and substance reasonably satisfactory to Agent and Loan Party Agent, or as otherwise agreed by Agent and Loan Party Agent, shall agree to be bound by Section 5.5 and this Section 12. Each Secured Bank Product Provider shall indemnify and hold harmless Agent Indemnitees, to the extent not reimbursed by Loan Parties, against all Claims that may be incurred by or asserted against any Agent Indemnitee in connection with such provider's Secured Bank Product Obligations (except those Claims determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Agent Indemnitee).

12.14 **No Third Party Beneficiaries**. This Section 12 is an agreement solely among the Secured Parties and the Agent, and shall survive Full Payment of the Obligations. This Section 12 does not confer any rights or benefits upon Loan Parties or any other Person. As between Loan Parties and the Agent, any action that the Agent may take under any Credit Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by the Secured Parties.

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 Loan Parties, the Agent, Secured Parties, and their respective successors and assigns, except that (a) no Loan Party 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. The 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. The Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders and Fronting Banks, and the Commitments of, and principal amounts (and stated interest) of the Loans, Letters of Credit and other obligations owing to, each Lender or Fronting Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error (provided, that a failure to make any such recordation, or any error in such recordation, shall not affect the Borrowers' obligations in respect of such Loans, Letters of Credit or other obligations), and the Borrowers, the Agent, the Lenders and the Fronting Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as the owner of the Commitments, Loans, Letters of Credit and other obligations recorded in the Register as owing to such Person, for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender or Fronting Bank, at any reasonable time and from time to time upon reasonable prior notice.

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 Borrower Group Commitments for all purposes, all amounts payable by Loan Parties within the applicable Loan Party Group shall be determined as if such Lender had not sold such participating interests, and Loan Parties within the applicable Loan Party Group and the 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 the Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant of U.S. Facility Obligations or Canadian Facility Obligations that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.8 unless Loan Party Agent agrees otherwise in writing. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the applicable Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans, Letters of Credit or other obligations under the Loan Documents (the "Participant Register"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

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 Borrower Group Commitment in which such Participant has an interest, postpones the Canadian Revolver Commitment Termination Date, the U.S. Facility Revolver Commitment Termination Date or the Swingline Commitment Termination Date, as applicable, or any date fixed for any regularly scheduled payment of principal, interest or fees on such Loan or Commitment, or releases any Loan Party, Guarantor or substantial portion of the Collateral.

13.2.3 **Benefit of Set-Off**. Loan Parties agree that each Participant shall have a right of set-off 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 with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with Section 12.5 as if such Participant were a Lender.

13.3 **Assignments**.

13.3.1 **Permitted Assignments**. Subject to Section 13.3.3 below, a Lender may assign to an Eligible Assignee 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 (unless otherwise agreed by the Agent) and, in the case of a partial assignment, is in a minimum principal amount of $5,000,000 or Cdn$5,000,000, as applicable (unless otherwise agreed by the Agent in its discretion), and integral multiples of $1,000,000 or Cdn$1,000,000, as applicable, 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 is at least $5,000,000 or Cdn$5,000,000, as applicable (unless otherwise agreed by the Agent in its discretion); and (c) the parties to each such assignment shall execute and deliver to the 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*, (i) such Lender shall remain the holder of its Loans and owner of its interest in any Letter of Credit for all purposes hereunder, (ii) Borrowers, the Agent, the other Lenders and Fronting Bank shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iii) any payment by Loan Parties to the assigning Lender in respect of any Obligations assigned as described in this sentence shall satisfy Loan Parties' 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 the Agent of an assignment notice in the form of **Exhibit A-2** and a processing fee of $3,500 (unless otherwise agreed by the Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this Section 13.3.2. From such effective date, 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, the Agent and Loan Parties shall make appropriate arrangements for issuance of replacement and/or new Notes, as applicable. The transferee Lender shall comply with Section 5.9 and deliver, upon request, an administrative questionnaire satisfactory to Agent.

13.3.3 Certain Assignees. No assignment or participation may be made to any Borrower, Affiliate of any Borrower, Defaulting Lender or natural person except as described in **Schedule 13.3.3**. In connection with any assignment by a Defaulting Lender, such assignment shall be effective only upon payment by the Eligible Assignee or Defaulting Lender to the Agent of an aggregate amount sufficient, upon distribution (through direct payment, purchases of participations or other compensating actions as the Agent deems appropriate), (a) to satisfy all funding and payment liabilities then owing by the Defaulting Lender hereunder, and (b) to acquire its Pro Rata share of all Loans and LC Obligations. If an assignment by a Defaulting Lender shall become effective under Applicable Law for any reason without compliance with the foregoing sentence, then the assignee shall be deemed a Defaulting Lender for all purposes until such compliance occurs.

13.3.4 Replacement of Certain Lenders. If (x) a Lender (a) fails to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, (b) is a Defaulting Lender, or (c) gives a notice under Section 3.5 or requests compensation under Section 3.7, or (y) if any Borrower is required to pay additional amounts with respect to a Lender under Section 5.8, then, in addition to any other rights and remedies that any Person may have, the Agent or Loan Party Agent may, by notice to such Lender within 120 days after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to one or more Eligible Assignees, pursuant to appropriate Assignment and Acceptances, within 20 days after the notice. The Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute it. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents at par, including all principal, interest and fees through the date of assignment (but excluding any prepayment charge).

SECTION 14. MISCELLANEOUS

14.1 Consents, Amendments and Waivers.

14.1.1 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 the Agent (with the consent of Required Lenders) and each Loan Party party to such Loan Document; *provided*, *however*, that:

(a) without the prior written consent of the Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of the Agent;

(b) (i) without the prior written consent of each U.S. Fronting Bank, no modification shall be effective with respect to any U.S. LC Obligations or Sections 2.2.1, 2.2.2 or 2.2.3 or any other provision in a Loan Document that relates to any rights, duties or discretion of any U.S. Fronting Bank and (ii) without the prior written consent of Canadian Fronting Bank, no modification shall be effective with respect to any Canadian LC Obligations or Sections 2.2.4, 2.2.5 or 2.2.6 or any other provision in a Loan Document that relates to any rights, duties or discretion of Canadian Fronting Bank;

(c) without the prior written consent of each affected Lender, including a Defaulting Lender, no modification shall be effective that would (i) increase the Borrower Group Commitment of such Lender; (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender (except as provided in Section 4.2); or (iii) increase the aggregate amount of all Commitments other than as provided in Section 2.1.7;

(d) without the prior written consent of all Lenders (except any Defaulting Lender as provided in Section 4.2), no modification shall be effective that would (i) extend the U.S. Revolver Commitment Termination Date, the Canadian Revolver Commitment Termination Date, the Swingline Commitment Termination Date or Facility Termination Date; (ii) alter Section 5.5 or 7.1 (except to add Collateral); (iii) amend the definitions of Pro Rata, Required Lenders, Required Borrower Group Lenders, Super-Majority Borrower Group Lenders or Super-Majority Lenders; (iv) amend this Section 14.1.1; or (v) increase the Maximum Facility Amount;

(e) without the prior written consent of the Super-Majority Borrower Group Lenders having commitments to a Borrower Group, no amendment or waiver shall be effective that would (i) with respect to Lenders having Borrower Group Commitments to the Canadian Borrowers, (A) amend the definitions of Canadian Borrowing Base or Total Canadian Borrowing Base (and the defined terms used in such definition) if the effect of such amendment is to increase the advance rates contained therein, to make more credit available or to add new types of Collateral thereunder, (B) increase the advance rates applicable to the Canadian Borrowers, (C) release a material portion (but less than all or substantially all) of the Canadian Facility Collateral, except as currently contemplated by Section 12.2.1(a), provided that a release of all or substantially all of the Canadian Facility Collateral requires the prior written consent of all Canadian Lenders, (D) release any Canadian Facility Loan Party from liability for any Canadian Facility Obligations except as otherwise provided in this Agreement, (E) except as permitted under Section 10.2.2, subordinate Agent's Lien on any Canadian Facility Collateral or subordinate any Canadian Facility Obligations in right of payment to any other Indebtedness or (F) amend the definition of Canadian Availability; or (ii) with respect to Lenders having Borrower Group Commitments to the U.S. Borrowers, (A) amend the definition of U.S. Borrowing Base (and the defined terms used in such definition) if the effect of such amendment is to increase the advance rates contained therein, to make more credit available or to add new types of Collateral thereunder, (B) increase the advance rates applicable to the U.S. Borrowers, (C) release any material portion (but less than all or substantially all) of the U.S. Facility Collateral, except as currently contemplated by Section 12.2.1(b), provided that a release of all or substantially all of the U.S. Facility Collateral requires the prior written consent of all U.S. Lenders, (D) release any U.S. Facility Loan Party from liability for any U.S. Facility Obligations except as otherwise provided in this Agreement, (E) except as permitted under Section 10.2.2, subordinate Agent's Lien on any U.S. Facility Collateral or subordinate any U.S. Facility Obligations in right of payment to any other Indebtedness or (F) amend the definition of U.S. Availability;

(f) without the prior written consent of the Super-Majority Lenders, no amendment or waiver shall be effective that would amend the definition of Excess Availability; and

(g) notwithstanding anything in this Section 14.1.1 to the contrary, if the Agent and the Loan Party Agent shall have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Agent and the Loan Party Agent shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Agent within ten Business Days following receipt of notice thereof.

14.1.2 **Limitations**. The agreement of Loan Parties shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders, the Agent and/or any Fronting 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 any non-Lender that is a party to a Bank Product agreement shall have no right to 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 the Agent or Lenders hereunder shall be effective only if in writing and only for the matter specified.

14.1.3 **Payment for Consents**. After the Closing Date, no Loan Party will, 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.

14.2 **Indemnity**. IN ADDITION TO THE INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 5.8.2, EACH LOAN PARTY SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ASSERTED BY ANY LOAN PARTY OR OTHER PERSON OR 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 Indemnitee 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, willful misconduct or bad faith of such Indemnitee, and no Loan Party shall have any obligation to indemnify or hold harmless an Indemnitee for disputes solely among Indemnitees and not relating to any act or omission of any Loan Party or its Affiliates (other than any action involving the Agent, any Fronting Bank or any Swingline Lender, in each case in its capacity as such, in which case this indemnity shall apply with respect to each such Person, as applicable, to the extent otherwise available).

14.3 **Notices and Communications**.

14.3.1 **Notice Address**. Subject to Section 4.4, all notices and other communications by or to a party hereto shall be in writing and shall be given to any Loan Party, at Loan Party Agent'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 14.3. Each such notice 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 U.S. mail (or, in the case of a Canadian Domiciled Loan Party, the Canadian mail system), 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, 3.1.1, 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 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 Loan Party Agent shall be deemed received by all Loan Parties.

14.3.2 **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 10.1.1, administrative matters, distribution of Loan Documents for execution, and matters permitted under Section 4.1.3. The Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic mail and voice mail may not be used as effective notice under the Loan Documents.

14.3.3 **Non-Conforming Communications**. The Agent and Lenders may rely upon any notices purportedly given by or on behalf of any Loan Party 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. Each Loan Party 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 a Loan Party.

14.4 **Performance of Loan Parties' Obligations**. The Agent may, in its discretion at any time and from time to time, at the expense of the Loan Parties of the applicable Loan Party Group, pay any amount or do any act required of a Loan Party under any Loan Documents or otherwise lawfully requested by the 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 or priority of the Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of the Agent under this Section 14.4 shall be reimbursed to the Agent by Loan Parties, on demand, with interest from the date incurred to the date of payment thereof at the Default Rate applicable to U.S. Base Rate Loans. Any payment made or action taken by Agent under this Section 14.4 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.

14.5 **Credit Inquiries**. Each Loan Party hereby authorizes the Agent and Lenders (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Loan Party or Subsidiary.

14.6 **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.

14.7 **Cumulative Effect; Conflict of Terms**. The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations, tests or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise 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.

14.8 **Counterparts**. Any Loan Document may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when the Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of any Loan Document by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of such agreement.

14.9 **Entire Agreement**. Time is of the essence of the Loan Documents. The Loan Documents constitute the entire contract among the parties relating to the subject matter hereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

14.10 **Relationship with 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. It shall not be necessary for the 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 the Agent, Lenders or any other Secured Party pursuant to the Credit Documents shall be deemed to constitute the Agent and any Secured Party to be a partnership, association, joint venture or any other kind of entity, nor to constitute control of any Loan Party.

14.11 **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated by any Credit Document, Loan Parties acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by the Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Loan Parties and such Person; (ii) Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Loan Parties are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated by the Credit Documents; (b) each of the Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, an will not be acting as an advisor, agent or fiduciary for Loan Parties, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Credit Documents except as expressly set forth therein; and (c) the Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Loan Parties and their Affiliates, and have no obligation to disclose any of such interests to Loan Parties or their Affiliates. To the fullest extent permitted by Applicable Law, each Loan Party hereby waives and releases any claims that it may have against the Agent, Lenders, their Affiliates and any arranger with respect to any breach of agency or fiduciary duty in connection with any transaction contemplated by a Loan Document.

14.12 Confidentiality. Each of the Agent, Lenders and each Fronting Bank shall maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, and to its and their partners, members, directors, officers, employees, agents, advisors and representatives (*provided* such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process; (d) to any other party hereto; (e) in connection with any action or proceeding, or other exercise of rights or remedies, relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same (or at least as restrictive) as this Section 14.12, to any Transferee or any actual or prospective party (or its advisors) to any Bank Product; (g) with the consent of Loan Party Agent; (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 14.12 or (ii) is available to the Agent, any Lender, Fronting Bank or any of their Affiliates on a nonconfidential basis from a source other than Loan Parties or (i) on a confidential basis to any rating agency in connection with rating any Borrower or its Subsidiaries. Notwithstanding the foregoing, the Agent and Lenders may publish or disseminate general information describing this credit facility, including the names and addresses of Loan Parties and a general description of Loan Parties' businesses, and may use Loan Parties' logos, trademarks or product photographs in advertising materials. As used herein, "Information" means all information received from a Loan Party or Subsidiary relating to it or its business that is identified as confidential when delivered. Any Person required to maintain the confidentiality of Information pursuant to this Section 14.12 shall be deemed to have complied if it exercises the same degree of care that it accords its own confidential information. Each of the Agent, Lenders and each Fronting Bank acknowledges that (A) Information may include material non-public information concerning a Loan Party or Subsidiary; (B) it has developed compliance procedures regarding the use of material non-public information; and (C) it will handle such material non-public information in accordance with Applicable Law, including federal, state, provincial and territorial securities laws.

14.13 Certifications Regarding Indentures. Borrowers certify to the Agent and Lenders that neither the execution or performance of the Loan Documents nor the incurrence of any Obligations by Borrowers violates the Senior Secured Notes Indenture. Borrowers further certify that the Commitments and Obligations constitute Permitted Debt under the Senior Secured Notes Indenture. Agent may condition Borrowings, Letters of Credit and other credit accommodations under the Loan Documents from time to time upon Agent's receipt of evidence that the Commitments and Obligations continue to constitute Permitted Debt at such time.

14.14 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE

LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATION LAW AND FEDERAL LAWS RELATING TO NATIONAL BANKS).

14.15 **Consent to Forum**.

14.15.1 **Forum**. EACH PARTY HERETO HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER THE STATE OF NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH PARTY IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1. Nothing herein shall limit the right of the Agent or any Lender to bring proceedings against any Loan Party in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by the Agent of any judgment or order obtained in any forum or jurisdiction.

14.16 **Waivers by Loan Parties**. **To the fullest extent permitted by Applicable Law, each Loan Party waives (a) the right to trial by jury (which the Agent and each Lender hereby also waives) in any proceeding or dispute 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, documents, instruments, chattel paper and guaranties at any time held by the Agent on which a Loan Party may in any way be liable, and hereby ratifies anything the 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 the Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisement and exemption laws; (f) any claim against any Indemnitee, 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 Loan Party acknowledges that the foregoing waivers are a material inducement to the Agent, each Fronting Bank and Lenders entering into this Agreement and that the Agent, each Fronting Bank and Lenders are relying upon the foregoing in their dealings with Loan Parties. Each Loan Party 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.

14.17 **Patriot Act Notice**. The Agent and Lenders hereby notify Loan Parties that pursuant to the requirements of the Patriot Act, the Proceeds of Crime Act and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" policies, regulations, laws or rules (the Proceeds of Crime Act and such other applicable policies, regulations, laws or rules, collectively, including any guidelines or orders thereunder, "AML Legislation"), the Agent and Lenders are required to obtain, verify and record information that identifies each Loan Party, including its legal name, address, tax ID number and other information that will allow the Agent and Lenders to identify it in accordance with the Patriot Act and the AML Legislation. The Agent and Lenders may require information regarding Loan Parties' management and owners, such as legal name, address, social security number and date of birth. Each Loan Party 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, in order to comply with the Patriot Act and/or the AML Legislation.

14.18 Canadian Anti-Money Laundering Legislation. If the Agent has ascertained the identity of any Canadian Facility Loan Party or any authorized signatories of any Canadian Facility Loan Party for the purposes of applicable AML Legislation, then the Agent:

(a) shall be deemed to have done so as an agent for each Canadian Lender, and this Agreement shall constitute a "written agreement" in such regard between each Canadian Lender and the Agent within the meaning of the applicable AML Legislation; and

(b) shall provide to each Canadian 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 Canadian Lenders agrees that the Agent has no obligation to ascertain the identity of the Canadian Loan Parties or any authorized signatories of the Canadian Loan Parties on behalf of any Canadian Lender, or to confirm the completeness or accuracy of any information it obtains from any Canadian Facility Loan Party or any such authorized signatory in doing so.

14.19 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Loan Party for liquidation or reorganization, should any Loan Party become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Loan Party's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

14.20 Nonliability of Lenders. Neither the Agent, any Fronting Bank nor any Lender undertakes any responsibility to any Loan Party to review or inform any Loan Party of any matter in connection with any phase of any Loan Party's business or operations. Each Loan Party agrees, on behalf of itself and each other Loan Party, that neither the Agent, any Fronting Bank nor any Lender shall have liability to any Loan Party (whether sounding in tort, contract or otherwise) for losses suffered by any Loan Party in connection with, arising out of, or in any way related to the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence, willful misconduct or bad faith of the party from which recovery is sought. NO LENDER SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY OTHERS OF ANY INFORMATION OR OTHER MATERIALS OBTAINED THROUGH INTRALINKS OR OTHER SIMILAR INFORMATION TRANSMISSION SYSTEMS IN CONNECTION WITH THIS AGREEMENT.

[*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.

MCJUNKIN RED MAN CORPORATION, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

2 Houston Center
909 Fannin, Suite 3100
Houston, TX 77010-1011
Attn: James F. Underhill
Telecopy: (304) 348-1816

GREENBRIER PETROLEUM CORPORATION as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MCJUNKIN NIGERIA LIMITED, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MCJUNKIN — PUERTO RICO CORPORATION, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MCJUNKIN RED MAN DEVELOPMENT CORPORATION,
as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MCJUNKIN — WEST AFRICA CORPORATION, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MIDWAY — TRISTATE CORPORATION, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MILTON OIL & GAS COMPANY, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MRC MANAGEMENT COMPANY, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MRM OKLAHOMA MANAGEMENT LLC, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

RUFFNER REALTY COMPANY, as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

THE SOUTH TEXAS SUPPLY COMPANY, INC. as a U.S. Borrower and Canadian Facility Guarantor

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

MIDFIELD SUPPLY ULC, as a Canadian Borrower

By: /s/ James F. Underhill
Name: James F. Underhill
Title: Executive Vice President and Chief Financial Officer

<u>AGENT AND LENDERS</u>:

BANK OF AMERICA, N.A., as Agent and U.S. Lender

By: /s/ Mark Porter
Name: Mark Porter
Title: SVP

Bank of America, N.A., as Agent
901 Main Street, Floor 11
Mail Code TX1-492-11-23
Dallas, Texas 75202

Attn: Mark Porter
Telecopy: 214-209-4766

Signature Page to Loan, Security and Guarantee Agreement

BANK OF AMERICA, N.A. (acting through its Canada Branch),
as a Canadian Lender

By: /s/ Medina Sales De Andrade
Name: Medina Sales De Andrade
Title: Vice President

Attn: Medina Sales De Andrade
Telecopy: 416-369-7647

WELLS FARGO BANK, NATIONAL ASSOCIATION, as U.S. Lender

By: /s/ Brant Murdock
Name: Brant Murdock
Title: Vice President

301 South College Street, 22nd Floor
Charlotte, NC 28202
Attn: Dave Warga
Telecopy: 704-715-0016

WELLS FARGO CAPITAL FINANCE CORPORATION CANADA, as a Canadian Lender

By: /s/ Domenic Cosentino
Name: Domenic Cosentino
Title: Vice President

301 South College Street, 22nd Floor
Charlotte, NC 28202
Attn: Dave Warga
Telecopy: 704-715-0016

BARCLAYS BANK PLC, as a U.S. Lender and Canadian Lender

By: /s/ Kevin Cullen
Name: Kevin Cullen
Title: Director

745 Seventh Avenue
New York, NY 10019
Attn: Michael Mozer
Telecopy: (212) 526-1456

GOLDMAN SACHS LENDING PARTNERS LLC, as a U.S. Lender and Canadian Lender

By: /s/ Mark Walton
Name: Mark Walton
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, as a U.S. Lender

By: /s/ Jeffrey D. Patton
Name: Jeffrey D. Patton
Title: Assistant Vice President

One U.S. Bank Plaza
St. Louis, MO 63101
Attn: Jeff Patton
Telecopy: (314) 418-8556

U.S. BANK NATIONAL ASSOCIATION, as a Canadian Lender

By: /s/ Joseph Rauhala
Name: Joseph Rauhala
Title: Principal Officer

____
____
Attn: ____________________
Telecopy: ____________________

SUNTRUST BANK, as a U.S. Lender

By: /s/ David Holland
Name: David Holland
Title: VP, Portfolio Manager

____
____
Attn: ______________________
Telecopy: ______________________

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TD BANK, N.A., as a U.S. Lender

By: /s/ Francis Garvin
Name: Francis Garvin
Title: Vice President

____
____
Attn: __________________________
Telecopy: _______________________

THE TORONTO — DOMINION BANK, as a Canadian Lender

By:	/s/Darcy Mack	/s/ Kyle Wedge
Name:	Darcy Mack	Kyle Wedge
Title:	VP	Analyst

Attn: Kyle Wedge
Telecopy: (416) 983-6522

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PNC BANK, NATIONAL ASSOCIATION,
as a U.S. Lender

By: /s/ Katherine Garland
Name: Katherine Garland
Title: Account Executive

Attn: Katherine Garland
Telecopy: 212-303-0060

PNC BANK, CANADA BRANCH,
as a Canadian Lender

By: /s/ Mike Danby
Name: Mike Danby
Title: Assistant Vice President

Attn: Portfolio Manager
Telecopy: 416-361-0085

RBS CITIZENS BUSINESS CAPITAL,
a division of RBS ASSET FINANCE, INC.,
a subsidiary of RBS Citizens, N.A., as a U.S. Lender

By: /s/ Patrick Aarons
Name: Patrick Aarons
Title: Senior Vice President

RBS/Citizens Business Capital
A Member of the Royal Bank of Scotland Group
100 Galleria Parkway, Suite 1100
Atlanta, Georgia 30339
Attn: Patrick Aarons
Telecopy: (770) 850-4895

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UNION BANK, N.A., as a U.S. Lender

By: /s/ Terry L. Rocha
Name: Terry L. Rocha
Title: Vice President

445 South Figueroa Street, G13-300
Los Angeles, CA 90071
Attn: Mike Richman
Telecopy: (213) 236-6089

UNION BANK, N.A., as a U.S. Lender and Canadian Lender

By: /s/ Anne Collins
Name: Anne Collins
Title: Vice President

730, 440 2nd Ave. SW
Calgary, Alberta, T2P 5E9
Attn: Anne Collins
Telecopy: 403-264-2770

JPMORGAN CHASE BANK, N.A., as a U.S. Lender

By: /s/ Dan Bueno
Name: Dan Bueno
Title: Vice President

270 Park Avenue, 44th Floor
New York, NY 10017
Attn: Dan Bueno
Telecopy: 646-534-2274

Signature Page to Loan, Security and Guarantee Agreement

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH as Canadian Lender

By: /s/ Auggie Marchetti
Name: Auggie Marchetti
Title: Senior Vice President & Regional Manager

Attn:
Telecopy:

THE HUNTINGTON NATIONAL BANK, as a U.S. Lender

By: /s/ Jeffrey M. Evans
Name: Jeffrey M. Evans
Title: Vice President

917 Euclid Ave. CM64
Cleveland, OH 44115
Attn: Betty Johnson
Telecopy: 216.515.0179

CITY NATIONAL BANK, as a U.S. Lender and Canadian Lender

By: /s/ Brent Phillips
Name: Brent Phillips
Title: Vice President

Attn:
Telecopy:

FLAGSTAR BANK, FSB, as a U.S. Lender

By: /s/ Willard D. Dickerson, Jr.
Name: Willard D. Dickerson, Jr.
Title: Senior Vice President

Attn: __________
Telecopy: __________

Signature Page to Loan, Security and Guarantee Agreement

RAYMOND JAMES BANK, FSB, as a U.S. Lender

By: /s/ James M. Armstrong
Name: James M. Armstrong
Title: Vice President

710 Carillon Parkway
St. Petersburg, FL 33716
Attn: James Armstrong
Telecopy: (866) 205-1396

UNITED BANK, as a U.S. Lender

By: /s/ Timothy A. Paxton
Name: Timothy A. Paxton
Title: Senior Vice President

500 Virginia Street East
Charleston, WV 25301
Attn: Melanie Humphreys
Telecopy: (304) 348-8353

CITY NATIONAL BANK OF WEST VIRGINIA, as a U.S. Lender

By: /s/ Jack Cavender
Name: Jack Cavender
Title: Executive Vice President

10 Hale Street, Suite 100
Charleston, WV 25301
Attn: Katha J. Morris, Administrative Assistant
Telecopy: (304) 347-2444

CAPITAL ONE LEVERAGED FINANCE CORP., as a U.S. Lender

By: /s/ Julianne Low
Name: Julianne Low
Title: Vice President

275 Boradhollow Road
Melville, NY 11747
Attn: Julianne Low
Telecopy: 800-986-0323

CITIZENS BANK, as a U.S. Lender

By: /s/ Thomas Couture
Name: Thomas Couture
Title: First Vice President

28001 Cabot Drive, Suite 250
Novi, MI 48377
Attn: Tom Couture
Telecopy: (248) 324-8616

WEBSTER BUSINESS CREDIT CORPORATION, as a U.S. Lender

By: /s/ Harvey Winter
Name: Harvey Winter
Title: VP

360 Lexington Avenue
New York, NY 10017
Attn: Harvey Winter
Telecopy: 212-806-4510

Signature Page to Loan, Security and Guarantee Agreement

BOKF, **NA** as a U.S. Lender

By: /s/ Ryan L. Kirk
Name: Ryan L. Kirk
Title: Officer

Attn:
Telecopy: (918) 280-3368

Signature Page to Loan, Security and Guarantee Agreement

Exhibit 23.1

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 (except for Note 6, as to which the date is May 6, 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 (Amendment No. 3 to Form S-4 No. 333-173035) 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
June 20, 2011