McJunkin Red Man Corp
Form S-1/A
June 02, 2011

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As filed with the Securities and Exchange Commission on June 1, 2011

Registration No. 333-173037

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 2
to
Form S-1
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 sale to the public: As soon as practicable after the effective date of this Registration Statement. o

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, 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(c) under the Securities Act, check the following box and list the Securities Act Registration Statement 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

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)	(1)	(1)	(1)
Guarantees of 9.50% Senior Secured Notes due December 15, 2016	(2)	(2)	(2)	(2)

(1) An indeterminate amount of securities are being registered hereby to be offered solely for market-making purposes by specified affiliates of the registrants. Pursuant to Rule 457(q) under the Securities Act of 1933, as amended, no filing fee is required.
(2) No separate filing fee is required pursuant to Rule 457(n) under the Securities Act.

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

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TABLE OF ADDITIONAL REGISTRANT GUARANTORS

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.

Subject to Completion, Dated June 1, 2011

Prospectus

McJunkin Red Man Corporation

$1,050,000,000
9.50% Senior Secured Notes due December 15, 2016

The 9.50% senior secured notes due December 15, 2016 offered hereby, which we refer to as the notes, relate to an aggregate of $1,050,000,000 of 9.50% senior secured notes due December 15, 2016 we originally issued on December 21, 2009 and February 11, 2010 that are currently subject to an exchange offer.

We pay interest on the notes on June 15 and December 15 of each year. We may also redeem the 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 notes at a price equal to 100% of the principal amount of the notes plus a make-whole premium and accrued and unpaid interest to the redemption date. 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.

The 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, our parent company. The notes and the guarantees by the Subsidiary Guarantors will be 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 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 Notes Certain Definitions) from time to time owned by the Issuer or the Subsidiary Guarantors. The guarantee of McJunkin Red Man Holding Corporation will not be secured. The notes and the guarantees by the Subsidiary Guarantors will also be secured on a junior basis (subject to the lien to secure our 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 Description of Notes Certain Definitions) from time to time owned by the Issuer or the Subsidiary Guarantors.

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

You should consider carefully the Risk Factors beginning on page 14 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.

This prospectus has been prepared for and will be used by Goldman, Sachs & Co. in connection with offers and sales of the notes in market-making transactions. These transactions may occur in the open market or may be privately negotiated at prices related to prevailing market prices at the time of sales or at negotiated prices. Goldman, Sachs & Co. may act as principal or agent in these transactions. We will not receive any proceeds of such sales.

Goldman, Sachs & Co.

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 a summary of basic information contained elsewhere in this prospectus. It does not contain all the information that may be important to you. For a more complete understanding, 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 other 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

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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. The transaction, which is expected to close in June 2011, is subject to customary closing conditions.

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Corporate Structure

The following chart illustrates our simplified organization and ownership structure:

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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).

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Summary of the Notes

The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See Description of Notes for a more detailed description of the terms and conditions of the 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 that are currently subject to an exchange offer.
Maturity Date	The notes will mature on December 15, 2016.
Interest Payment Dates	Interest on the notes will be payable in cash on June 15 and December 15 of each year.
Guarantees	The 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 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 Notes Certain Covenants Guarantees.
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 Priority Lien Obligations (as such term is defined in Description of 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 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 notes and the holders of any other Priority Lien Obligations. See Description of Notes Security Collateral . The 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) by security interests granted to the collateral trustee in all ABL Priority Collateral (as such term is defined in Description of Notes Certain Definitions) from time to time owned by the Issuer or the Subsidiary Guarantors.

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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 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 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 notes or our revolving credit facility. See Description of Notes Security and Risk Factors Risks Related to the Collateral and the Guarantees .

Ranking

The 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 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 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 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 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 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), all of which would rank senior to the 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, all of which would rank senior to the 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 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 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 The CIT Group/Business Credit Inc. and Bank of America, N.A., as co-collateral agents under our revolving credit facility, which governs the relationship of noteholders and the lenders under our revolving credit facility with respect to collateral and certain other matters. See Description of 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 Notes The Collateral Trust Agreement .
Sharing of Liens and Collateral	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 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 Notes Certain Definitions) permitted to be incurred under the indenture governing the notes.
Optional Redemption	We may redeem the 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 notes at a price equal to 100% of the principal amount of the

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 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 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 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 Notes Repurchase at the Option of Holders . Our revolving credit facility or other agreements may restrict us from repurchasing any of the 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 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 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 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 Notes .

Original Issue Discount	The notes were issued with original issue discount for United States federal income tax purposes. 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 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 notes will exist or be maintained. If an active or liquid trading market for the notes is not maintained, the market price and liquidity of the notes may be adversely affected. See Risk Factors Risks Related to the Notes There is no Prior Public Market for the Notes, and We Do Not Know if a Market Will Ever Develop or, if a Market Does Develop, Whether it Will Be Sustained.

Risk Factors

Despite our competitive strengths discussed elsewhere in this prospectus, investing in our 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 notes. You should carefully consider all the information in this prospectus, including matters set forth under the heading Risk Factors .

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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.

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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)			(Restated)				
	(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

				Successor			Predecessor
	Three Months Ended March 31		**Year Ended December 31,**	**Year Ended December 31,**	**Year Ended December 31,**	**Year Ended December 31,**	**Year Ended December 31,**
	2011	**2010**	**2010**	**2009**	**2008**	**2007**	**2006**
	(Unaudited)		**(Restated)**	**(Restated)**			
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.

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Adjusted Gross Margin is used by investors to measure a company s operating performance without regard to items, such as 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 (Restated)	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

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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 (Restated)	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	
Non-recurring 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						142.2	13.1	

contribution								
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 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 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.

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 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 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 notes, may be limited.

We May Be Unable to Service Our Indebtedness, Including the 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 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 notes may restrict, or market or business conditions may limit, our ability to avail ourselves of some or all of these options.

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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. The terms of the indenture governing the 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 notes, the holders of that debt will be entitled to share ratably with the holders of the 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 notes and is secured by the same collateral as the notes, including various amounts of debt permitted under the definition of Permitted Liens in the Description of Notes. See Description of 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 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 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 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 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 notes in full.

Your Right to Receive Payments on the 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 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 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 notes. As a result, holders of 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. 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 Notes Will Be Structurally Subordinated to the Liabilities of Our Non-Guarantor Subsidiaries.

Not all of our subsidiaries will be required to guarantee the 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 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 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. 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 Notes.

Upon the occurrence of a change of control , as defined in the indenture governing the notes, we must offer to buy back the 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 notes (or repay other indebtedness in certain circumstances) at a price equal to 100% of the principal amount of the 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 notes would be a default under the indenture governing the notes, which would also trigger a cross default under our revolving credit facility. See Description of 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 notes, it is possible that we may not have sufficient liquidity or assets to make the required repurchase of notes or to satisfy all obligations under our revolving credit facility and the indenture governing the 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 notes or obtain a waiver from the lenders or you as a holder of the 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 Notes Will Be Suspended if Such Notes Achieve Investment Grade Ratings.

Most of the restrictive covenants in the indenture governing the notes will not apply for so long as the 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 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 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 a 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 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 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 Notes .

As a result of these relationships, the interests of the Goldman Sachs Funds may not coincide with your interests as holders of 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.

There is no Prior Public Market for the Notes, and We Do Not Know if a Market Will Ever Develop or, if a Market Does Develop, Whether it Will Be Sustained.

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for quotation of the notes on any automated dealer quotation systems. The liquidity of any market for the notes will depend on a number of factors, including:

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

The notes were issued to, and we believe the notes are owned by, a relatively small number of beneficial owners. Goldman, Sachs & Co., or the Initial Purchaser, was an initial purchaser of the notes, pursuant to a purchase agreement among us, the guarantors, Goldman, Sachs & Co. and the other initial purchasers named therein, dated December 16, 2009. The Initial Purchaser has advised us that they presently intend to make a market in the notes as permitted by applicable law. However, the Initial Purchaser is under no obligation to do so and may cease its market-making at any time without notice. Accordingly, the market for the notes may cease to exist. Because we are an affiliate of the Initial Purchaser, the Initial Purchaser is required to deliver a current market-maker prospectus, such as this prospectus, and otherwise comply with the registration requirements of the Securities Act in connection with any secondary market sale of the notes, which may affect its ability to continue market-making activities. We have agreed to make a market-maker prospectus generally available to the Initial Purchaser to permit it to engage in market-making transactions. However, the registration rights agreements also provide that we may, for valid business reasons, allow the market-maker prospectus to cease to be effective and usable for a period of time set forth in the registration rights agreement. As a result, the liquidity of the secondary market for the notes may be materially adversely affected by the unavailability of a current market-maker prospectus.

Assuming the Issuance of 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 Notes Issued in Exchange for Those Notes Will Be Treated As Issued with the Same Amount of Original Issue Discount as the Notes Issued in Exchange for the 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 December notes) exceeded the issue price of the December notes by an amount in excess of the statutory de minimis amount. Accordingly, the December notes were issued with original issue discount for United States federal income tax purposes.

We have taken the position that the issuance of notes on February 11, 2010 (the 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 February notes as having the same issue price as the December notes and therefore as having been issued with the same amount of original issue discount as the 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 February notes could be treated as a separate issue from the December notes, with an issue price determined by the first price at which a substantial amount of the 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 February notes would have been issued with original issue discount in an amount different from the amount of original issue discount on the December notes, the February notes would not have been fungible with the December notes for United States federal income tax purposes and the notes received in exchange for the February notes would not be fungible with the notes received in exchange for the 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 notes.

Risks Related to the Collateral and the Guarantees

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

No appraisal of the fair market value of the collateral securing the 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 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 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 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 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 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 notes to repurchase the notes.

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

The rights of the holders of the notes with respect to the ABL Priority Collateral (as such term is defined in the indenture governing the notes) securing the 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 notes may disagree or that may be contrary to the interests of holders of the 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 Notes The Intercreditor Agreement .

The Rights of the Holders of 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 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 notes and guarantees are issued. The indenture for the notes and the related security documents also permit the collateral for the 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 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 notes as well as the ability of the collateral agent to realize or foreclose on such collateral.

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

The loan agreement governing our revolving credit facility and the indenture governing the 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 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 notes (and the outstanding notes) would be shared by any additional notes the

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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 notes to the collateral.

The Rights of Holders of 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 notes and the 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 notes. For example, the collateral trustee for the 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 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 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 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 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 notes and the 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 Notes Will Not Include Certain Excluded Assets .

The collateral for the 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 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 notes. The guarantee of the notes provided by McJunkin Red Man Holding Corporation will be unsecured. See Description of 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 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 notes will lose the benefit of a particular guarantee if it is released under certain circumstances described under Description of Notes .

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

The issuer s creditors and the creditors of the guarantors could challenge the 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 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 note guarantee (1) delivered such 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 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 note guarantee unless it benefited directly or indirectly from the issuance of the notes. If a court declares the issuance of the notes, any note guarantee or the related security agreements to be void, or if any 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 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 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 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 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 notes to other claims against us under the principle of equitable subordination, if the court determines that: (i) the holder of the 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 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 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 notes, we can give no assurance that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the 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 notes provides that certain of our future subsidiaries will guarantee the notes and secure their note guarantees with liens on their assets. The indenture governing the note also requires the Issuer and the Subsidiary Guarantors to grant liens on certain assets that they acquire. Any future note guarantee or additional lien in favor of the collateral trustee for the benefit of the holders of the 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 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 note guarantee or lien is an insider under the U.S. Bankruptcy Code), and the granting of the future 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 Notes May Not Be Sufficient to Secure Post-Petition Interest. Should the Issuer s Obligations Under the Notes Equal or Exceed the Fair Market Value of the Collateral Securing the Notes, Holders of 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 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. Note holders may be deemed to have an unsecured claim if the Issuer s obligations under the notes equal or exceed the fair market value of the collateral securing the notes. 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 notes on the date of the bankruptcy filing was less than the then-current principal amount of the notes. Upon a finding by a bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the 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 note holders to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the 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 notes. No appraisal of the fair market value of the collateral securing the 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 notes. We can give no assurance that there will be sufficient collateral to satisfy our and the Subsidiary Guarantors obligations under the notes.

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

The right of the collateral trustee to repossess and dispose of the collateral securing the notes upon the occurrence of an event of default under the indenture governing the 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 notes if, among other possible reasons, the bankruptcy court determines that the fair market value of the collateral with respect to the notes on the date of the bankruptcy filing was less than the then-current principal amount of the 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 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 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

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on the 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 Notes may not be Entitled to Recover the Principal Amount of the 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 notes are only entitled to recover the amortized portion of the original issue discount on the notes. Accordingly, to the extent the original issue discount on the notes has not been amortized, holders of the notes may not be entitled to recover the full principal amount of the 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

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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

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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.

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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 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 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.

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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.

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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* (Restated)	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.

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USE OF PROCEEDS

This prospectus is delivered in connection with the sale of notes by Goldman, Sachs & Co. in market-making transactions. We will not receive any of the proceeds from such transactions.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2011. 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 (Dollars in millions)	
Cash and cash equivalents	$	42
Total Debt (including current portion):		
Revolving credit facility(1)	$	245
Midfield revolving credit facility(2)		23
Midfield term loan facility		5
Transmark revolving credit facility(3)		23
Transmark factoring facility		8
Outstanding notes		1,029
Total debt		1,333
Total equity		701
Total capitalization	$	2,034

(1) As of March 31, 2011, we had availability of $377 million under our 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.

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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)		(Restated)	(Restated)				
	(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)	(1.8)	(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	$		
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		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) 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)			(Restated)				
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	
Non-recurring 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						142.2	13.1	

contribution								
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) 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)			(Restated)				
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

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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 to 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

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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

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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.

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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.

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 corresponds with the increase in sales, while the reduction in Adjusted Gross Margin percentage reflects the 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.

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

	Three Months Ended March 31,	
	2011	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%

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	Three Months Ended March 31, 2011	Three Months Ended 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.

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	Three Months Ended 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 for similar calculations computed for purposes of the indenture governing the exchange notes.

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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 (Restated)	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 (Restated)	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

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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.

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

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

	Year Ended December 31,			
	2010	**2009 (Restated)**	**$ 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.

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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).

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.

Our North American gross margin decreased to 12.3% in 2010, from 14.8% 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.

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

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.

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 the 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.

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

	Year Ended December 31, 2010	Year Ended December 31, 2009 (Restated)
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)
Other non-recurring and non-cash expenses(1)	9.4	50.4
LIFO	74.6	(115.6)
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 (Restated)	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)%

	Year Ended December 31, 2009 (Restated)	2008	$ Change	% Change
Goodwill and intangibles impairment charge:				
North America	$ 386.1	$	$ 386.1	
International				
Consolidated	$ 386.1	$	$ 386.1	100%
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.

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.

Our North American gross margin decreased to 14.8% from 18.7%. 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 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.

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

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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 intangibles 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)	Year Ended December 31, 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 March 31, 2011	Three Months Ended March 31, 2010	Three Months Ended December 31, 2010	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 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.

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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 consist of a $900 million revolving credit facility in the U.S., two credit facilities of our Canadian subsidiary and a credit facility of our 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 these credit facilities, which represented approximately a $12 million increase from December 31, 2010. As noted above, our ability to transfer funds among countries could be hampered by additional tax liabilities imposed as a result of these transfers.

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. We anticipate this refinancing transaction will close in June 2011. However, we have not received binding commitments from any lenders for this new facility, and closing of the facility is subject to numerous conditions, including negotiation of documentation with our lenders, market conditions and other factors. There can be no assurance we will enter into the facility on the terms described herein or otherwise. If we do complete this refinancing, 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

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

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

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

Borrowing Base. Availability under the $900 million facility is subject to a borrowing base. The borrowing base under the Revolving Credit Facility at any time is equal to 85% of the sum of eligible accounts receivable and the net orderly liquidation value of eligible inventory of us and the guarantors of the facility, in each case subject to customary reserves and eligibility criteria. As of March 31, 2011, $245 million of borrowings were outstanding and, due to limitations imposed by the borrowing base, $377 million was available under the Revolving Credit Facility.

Interest Rate and Fees. The revolving loans bear interest at a rate per annum equal to, at the borrower s option, either (i) the greater of the prime rate and the federal funds effective rate plus 0.50%, plus in either case (a) 2.00% if the borrower s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 1.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 1.50% if such ratio is less than 2.00 to 1.00; or (ii) LIBOR plus (a) 3.00% if the borrower s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 2.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 2.50% if such ratio is less than 2.00 to 1.00. Interest on swingline loans is calculated on the basis of the rate described in clause (i) of the preceding sentence. At March 31, 2011, our consolidated total debt to Consolidated EBITDA ratio was 8.2 to 1.0. The weighted average interest rate on the revolving loans outstanding at March 31, 2011 was 3.50%.

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

Additionally, the borrower is required to pay a commitment fee with respect to unutilized revolving credit commitments at a rate per annum equal to (i) 0.50% if the borrower s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00 and (ii) 0.375% if such ratio is less than 2.75 to 1.00. The borrower is also required to pay fees on the stated amounts of outstanding letters of credit for the account of all revolving lenders at a per annum rate equal to (i) 2.875% if the borrower s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (ii) 2.625% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (iii) 2.375% if such ratio is less than 2.00 to 1.00. The borrower is required to pay a fronting fee for the account of the letter of credit issuer in respect of each letter of credit issued by it at a rate for each day equal to 0.125% per annum on the average daily stated amount of such letter of credit. The borrower is also obligated to pay directly to the letter of credit issuer upon each issuance of, drawing under, and/or amendment of, a letter of credit issued by it such amount as the borrower and the letter of credit issuer agree upon for issuances of, drawings under or amendments of, letters of credit issued by the letter of credit issuer. At March 31, 2011, our consolidated total debt to Consolidated EBITDA ratio was 8.2 to 1.0.

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

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

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

Covenants. The Revolving Credit Facility contains customary covenants. This agreement, among other things, restricts, subject to certain exceptions, the ability of the borrower and its subsidiaries to incur additional indebtedness, create liens on assets, engage in mergers, consolidations or sales of assets, dispose of subsidiary interests, make investments, loans or advances, pay dividends, make payments with respect to subordinated indebtedness, enter into sale and leaseback transactions, change the business conducted by the borrower and its subsidiaries taken as a whole, and enter into agreements that restrict subsidiary dividends or limit the ability of the borrower or any subsidiary guarantor to create or keep liens for the benefit of the lenders with respect to the obligations under the Revolving Credit Facility. The Revolving Credit Facility requires the borrower to enter into interest rate swap, cap and hedge agreements for purposes of ensuring that no less than 50% of the aggregate principal amount of the total indebtedness of the borrower and its subsidiaries then outstanding is either subject to such interest rate agreements or bears interest at a fixed rate. At March 31, 2011, we had 100% of our floating interest rate debt hedged with interest rate contracts.

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

Events of Default. The Revolving Credit Facility contains customary events of default. The events of default include the failure to pay interest and principal when due, failure to pay fees and any other amounts owed under the Revolving Credit Facility when due, a breach of certain covenants in the Revolving Credit Facility, a breach of any representation or warranty contained in the Revolving Credit Facility in any material respect, defaults in payments with respect to any other indebtedness in excess of $30 million, defaults with respect to other indebtedness in excess of $30 million that have the effect of accelerating such indebtedness, bankruptcy, certain events relating to employee benefits plans, failure of a material subsidiary s guarantee to remain in full force and effect, failure of the security agreement, pledge agreements pursuant to which the stock of any material subsidiary is pledged, or any mortgage for the benefit of the lenders under the Revolving Credit Facility to remain in full force and effect, entry of one or more judgments or decrees against the borrower or its restricted subsidiaries involving a liability of $30 million or more in the aggregate, and the invalidation of subordination provisions of any document evidencing permitted additional debt having a principal amount in excess of $15 million. If an event of default were to occur with respect to this facility, the maturity of this facility would be accelerated to payable upon demand. The event of default on this facility would cause us to cross-default on the notes, whereby the note holders would have the right to accelerate the maturity of the notes to payable upon demand.

The Revolving Credit Facility also contains an event of default upon the occurrence of a change of control. Under the Revolving Credit Facility, a change of control shall have occurred if (i) the Goldman Sachs Funds and certain of their affiliates shall cease to beneficially own at least 35% of the voting power of the outstanding voting stock of the borrower (other than as a result of one or more widely distributed offerings of the common stock of the borrower or any direct or indirect parent of the borrower); or (ii) any person, entity or group (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership of a percentage of the voting power of the outstanding voting stock of the borrower that exceeds the percentage of the voting power of such voting stock then beneficially owned, in the aggregate, by the Goldman

Sachs Funds and certain of their affiliates, unless, in the case of either clause (i) or (ii) above, the Goldman Sachs Funds and certain of their affiliates have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of the borrower; or (iii) a majority of the board of directors of the borrower ceases to consist of continuing directors , defined as individuals who (a) were members of the board of directors of the borrower on October 31, 2007, (b) who have been a member of the board of directors for at least 12 preceding months, (c) who have been nominated to be a member of the board of directors, directly or indirectly, by the Goldman Sachs Funds and certain of their affiliates or persons nominated by the Goldman Sachs Funds and certain of their affiliates or (d) who have been nominated to be a member of the board of directors by a majority of the other continuing directors then in office.

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

Notes

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

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

Redemption and Repurchase. At any time prior to December 15, 2012 and subject to certain conditions, the Issuer may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes issued under the indenture governing the notes (the Indenture) at a redemption price of 109.50%, plus accrued and unpaid interest, with the cash proceeds of certain qualifying equity offerings. Additionally, at any time prior to December 15, 2012, the Issuer may, on any one or more occasions, redeem all or a part of the notes at a redemption price equal to 100%, plus any accrued and unpaid interest, and plus a make-whole premium. On or after December 15, 2012, the Issuer may redeem all or a part of the notes upon not less than 15 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest:

Year	**Percentage**
2012	107.125%

2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

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

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

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

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

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

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

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

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

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

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

the Canadian prime rate, plus (a) 2.25% if the average daily availability (as defined in the loan and security agreement for the facility) for the previous fiscal quarter was less than CAD$30 million (US$30 million), (b) 2.00% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD$30 million (USD$30 million) but less than CAD$60 million (USD$60 million), or (c) 1.75% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD$60 million (USD$60 million), or, at the borrower s option,

the BA Equivalent Rate plus (a) 3.75% if the average daily availability for the previous fiscal quarter was less than CAD$30 million (USD$30 million), (b) 3.50% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD$30 million (USD$30 million) but less than CAD$60 million (USD$60 million), or (c) 3.25% if the if the average daily availability for the previous fiscal quarter was greater than or equal to CAD$60 million (USD$60 million).

At March 31, 2011, the weighted average interest rate on borrowings outstanding under the Midfield Revolving Credit Facility was 4.75%.

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

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

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

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

The Midfield Revolving Credit Facility requires the borrower to maintain Canadian Adjusted EBITDA (as such term is defined in the loan and security agreement for the facility) of (i) CAD$1.5 million for the two fiscal quarters ending

December 31, 2009, (ii) CAD$4.8 million for the three fiscal quarters ending March 31, 2010 and (iii) CAD$3.7 million for the four fiscal quarters ending June 30, 2010. Midfield s Adjusted EBITDA was $5.0 million, $6.3 million and $5.5 million for those periods, respectively. The facility also requires the borrower, beginning with the fiscal quarter ending March 31, 2011, to (i) maintain a leverage ratio of no greater than 3.50 to 1.00 and (ii) maintain a fixed charge coverage ratio of at least 1.15 to 1.00. As of March 31, 2011, our leverage ratio was 2.0 to 1.0 and our fixed charge coverage ratio was 4.7 to 1.0. The facility also prohibits the borrower and its subsidiaries from making capital expenditures in excess of CAD$10 million (USD$10 million) in the aggregate during any fiscal year, subject to exceptions for certain expenditures and provided that if the actual amount of capital expenditures made in any fiscal year is less than the amount permitted to be made in such fiscal year, up to CAD$0.25 million (USD$0.25 million) of such excess may be carried forward and used to make capital expenditures in the succeeding fiscal year. During the three months ended March 31, 2011, Midfield s capital expenditures totaled CAD$49,000 (USD$50,000).

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

Midfield Supply ULC CAD$15 Million (USD$15 Million) Facility

One of our subsidiaries, Midfield Supply ULC (Midfield), is also the borrower under a CAD$15 million (USD$15 million) credit facility with Alberta Treasury Branches. The facility provides for revolving loans until July 31, 2011 (subject to extension under certain circumstances), after which the revolving loans outstanding under the facility convert to term loans that mature on July 31, 2012 (subject to extension under certain circumstances). The facility is secured by substantially all of the real property and equipment of Midfield Supply ULC and its subsidiary guarantors. The facility contains the same customary covenants and events of default as the Midfield Revolving Credit Facility, as well as its ratio of tangible asset value to borrowings outstanding must be at least 2.00 to 1.00 (at March 31, 2011, this ratio was 7.7 to 1.0). At March 31, 2011, USD$5 million was outstanding under this facility and the weighted average interest rate on borrowings was 5.75%.

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

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

At March 31, 2011, we were in compliance with these covenants, as amended.

Transmark Facility

Transmark Fcx Group B.V. and its subsidiaries are parties to a credit facility with HSBC Bank PLC, dated September 17, 2010 (the Transmark Facility), which consists of a 60 million (USD$80 million) revolving credit facility, with a 20 million (USD$27 million) sublimit on letters of credit. At 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.

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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