

McJunkin Red Man Corp
Form 424B3
May 07, 2012
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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-173037

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 23, 2012)

MCJUNKIN RED MAN CORPORATION

\$1,050,000,000

9.50% Senior Secured Notes due December 15, 2016

Attached hereto and incorporated by reference herein is our Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 7, 2012. This Prospectus Supplement is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, dated April 23, 2012, with respect to the 9.50% Senior Secured Notes due December 15, 2016, including any amendments or supplements thereto.

INVESTING IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE RISK FACTORS BEGINNING ON PAGE 11 OF THE PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH AN INVESTMENT IN THE NOTES.

Neither the Securities and Exchange Commission 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.

May 7, 2012

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 001-35479

MRC GLOBAL INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

2 Houston Center, 909 Fannin, Suite 3100

Houston, Texas
(Address of Principal Executive Offices)

(877)294-7574

(Registrant's Telephone Number, including Area Code)

20-5956993
(I.R.S. Employer

Identification No.)

77010
(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The Company's common stock is traded on the New York Stock Exchange under the symbol MRC. There were 101,487,000 shares of the registrant's common stock, par value \$0.01 per share, issued and outstanding as of May 4, 2012.

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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

MRC GLOBAL INC.

	March 31, 2012	December 31, 2011
<i>(In thousands, except per share amounts)</i>		
Assets		
Current assets:		
Cash	\$ 58,833	\$ 46,127
Accounts receivable, net	871,227	791,280
Inventories, net	1,022,851	899,064
Other current assets	17,598	11,437
Total current assets	1,970,509	1,747,908
Other assets	44,767	39,212
Property, plant and equipment, net	114,173	107,430
Intangible assets:		
Goodwill, net	568,811	561,270
Other intangible assets, net	780,198	771,867
	1,349,009	1,333,137
	\$ 3,478,458	\$ 3,227,687
Liabilities and stockholders equity		
Current liabilities:		
Trade accounts payable	\$ 555,556	\$ 479,584
Accrued expenses and other current liabilities	142,500	108,973
Income taxes payable	26,133	11,950
Deferred revenue	2,440	4,450
Deferred income taxes	69,155	68,210
Total current liabilities	795,784	673,167
Long-term obligations:		
Long-term debt, net	1,611,960	1,526,740
Deferred income taxes	287,585	288,985
Other liabilities	18,108	17,933
	1,917,653	1,833,658
Commitments and contingencies		
Stockholders equity:		
Common stock, \$0.01 par value per share; 500,000 shares authorized, issued and outstanding March 2012 84,442, issued and outstanding December 2011 84,427	844	844
Preferred stock, \$0.01 par value per share; 100,000 shares authorized, no shares issued and outstanding		
Additional paid-in capital	1,284,790	1,282,949
Retained (deficit)	(499,257)	(536,791)
Accumulated other comprehensive loss	(21,356)	(26,140)
	765,021	720,862
	\$ 3,478,458	\$ 3,227,687

See notes to consolidated financial statements

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

MRC GLOBAL INC.

	Three Months Ended	
	March 31, 2012	March 31, 2011
	<i>(In thousands, except per share amounts)</i>	
Sales	\$ 1,382,632	\$ 991,813
Cost of sales	1,146,071	844,847
Gross profit	236,561	146,966
Selling, general and administrative expenses	146,384	117,357
Operating income	90,177	29,609
Other income (expense):		
Interest expense	(33,717)	(33,500)
Write off of debt issuance costs	(1,685)	
Change in fair value of derivative instruments	2,125	1,868
Other, net	1,747	205
	(31,530)	(31,427)
Income (loss) before income taxes	58,647	(1,818)
Income tax expense (benefit)	21,113	(690)
Net income (loss)	\$ 37,534	\$ (1,128)
Basic earnings (loss) per common share	\$ 0.44	\$ (0.01)
Diluted earnings (loss) per common share	\$ 0.44	\$ (0.01)
Weighted-average common shares, basic	84,437	84,413
Weighted-average common shares, diluted	84,756	84,413

See notes to consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

MRC GLOBAL INC.

	Three Months Ended	
	March 31,	March 31,
	2012	2011
	<i>(In thousands)</i>	
Net income (loss)	\$ 37,534	\$ (1,128)
Other comprehensive income	4,784	10,467
Comprehensive income	\$ 42,318	\$ 9,339

See notes to condensed consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

MRC GLOBAL INC.

(In thousands)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Operating activities		
Net income (loss)	\$ 37,534	\$ (1,128)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	4,131	4,003
Amortization of intangibles	12,317	12,443
Equity-based compensation expense	1,841	1,483
Deferred income tax benefit	(2,110)	(1,127)
Amortization of debt issuance costs	2,326	2,990
Write off of debt issuance costs	1,685	
Increase in LIFO reserve	6,900	10,065
Change in fair value of derivative instruments	(2,125)	(1,868)
Provision for uncollectible accounts	727	(278)
Non-operating losses and other items not using cash	700	2,264
Changes in operating assets and liabilities:		
Accounts receivable	(44,150)	8,257
Inventories	(68,807)	(24,706)
Income taxes payable	14,044	2,983
Other current assets	(5,834)	539
Accounts payable	43,816	(10,685)
Deferred revenue	(2,026)	(4,137)
Accrued expenses and other current liabilities	17,346	4,714
Net cash provided by operations	18,315	5,812
Investing activities		
Purchases of property, plant and equipment	(4,458)	(1,964)
Proceeds from the disposition of property, plant and equipment	1,195	140
Acquisition of the assets and operations of OneSteel Piping Systems	(72,816)	
Proceeds from the sale of assets held for sale		10,933
Other investment and notes receivable transactions	(3,813)	2,830
Net cash (used in) provided by investing activities	(79,892)	11,939
Financing activities		
Net proceeds (payments) on/from revolving credit facilities	114,146	(30,830)
Payments on long-term obligations	(31,456)	
Debt issuance costs paid	(7,099)	
Net cash provided by (used in) financing activities	75,591	(30,830)
Increase (decrease) in cash	14,014	(13,079)
Effect of foreign exchange rate on cash	(1,308)	(1,043)
Cash beginning of period	46,127	56,202
Cash end of period	\$ 58,833	\$ 42,080
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 7,444	\$ 5,470
Cash paid (received) for income taxes	\$ 9,982	\$ (2,753)

See notes to consolidated financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MRC GLOBAL INC.

NOTE 1 BACKGROUND AND BASIS OF PRESENTATION

Business Operations: MRC Global Inc. is a holding company headquartered in Houston, Texas. We are a majority owned subsidiary of PVF Holdings LLC. Our wholly owned subsidiaries, McJunkin Red Man Corporation and its subsidiaries, are global distributors of pipe, valves, fittings (PVF) and related products and services across each of the upstream (exploration, production and extraction of underground oil and gas), midstream (gathering and transmission of oil and gas, gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets. We have branches in principal industrial, hydrocarbon producing and refining areas throughout the United States, Canada, Europe, Asia and Australasia. Our products are obtained from a broad range of suppliers.

Basis of Presentation: The consolidated financial statements include the accounts of MRC Global Inc. and its wholly owned and majority owned subsidiaries (collectively referred to as the Company or by such terms as we, our or us). All material intercompany balances and transactions have been eliminated in consolidation. Investments in our unconsolidated joint ventures, over which we exercise significant influence, but do not control, are accounted for by the equity method. Our unconsolidated joint ventures, along with our percentage of ownership of each, are: (a) TFCX Finland Oy (50%) and (b) Transmark DRW GmbH (50%). As of March 31, 2012 and December 31, 2011, our total investment in these entities was insignificant. In April 2012, we sold our interest in Transmark DRW GmbH.

NOTE 2 TRANSACTIONS**Acquisitions**

In March 2012, we acquired the operations and assets of OneSteel Piping Systems, now known as MRC Piping Systems Australia (MRC PSA). MRC PSA is a leading PVF distributor supplying the oil and gas, mining and mineral processing industries in Australia. The preliminary purchase price for this acquisition was \$72.8 million subject to a working capital adjustment. Although not finalized, the working capital adjustment is currently estimated to be a payment by us in the second quarter of 2012 of approximately \$16.1 million. Because we recently consummated the acquisition, we have not yet completed the determination of the fair values of certain tangible and intangible assets acquired or liabilities assumed. The impact of this acquisition is not material to our financial statements.

NOTE 3 INVENTORIES

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

	March 31, 2012	December 31, 2011
Finished goods inventory at average cost:		
Energy carbon steel tubular products	\$ 507,286	\$ 488,938
Valves, fittings, flanges and all other products	714,614	601,706
	1,221,900	1,090,644
Less: Excess of average cost over LIFO cost (LIFO reserve)	(182,022)	(175,122)
Less: Other inventory reserves	(17,027)	(16,458)
	\$ 1,022,851	\$ 899,064

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

	March 31, 2012	December 31, 2011
9.50% senior secured notes due 2016, net of discount of \$17,432 and \$18,358	\$ 1,032,568	\$ 1,031,642
Global ABL Facility	570,473	
ABL Credit Facility		456,411
MRC Transmark term loan facility		30,824
MRC Transmark factoring facility	8,544	7,189
Other	375	674
	1,611,960	1,526,740
Less current portion		
	\$ 1,611,960	\$ 1,526,740

In March 2012, we entered into a new multi-currency global asset-based revolving credit facility (the Global ABL Facility) which replaced our then existing asset-based lending credit facility (ABL Credit Facility), our MRC Transmark term loan and revolving credit facility and our MRC Transmark overdraft facility. The five-year Global ABL Facility is comprised of \$1.25 billion of total revolving credit facilities, including \$1.025 billion in the United States, \$145 million in Canada, \$12 million in the United Kingdom, \$52 million in Australia, \$9 million in the Netherlands and \$7 million in Belgium. The facility contains an accordion feature that allows us to increase the principal amount of the facility by up to \$300 million.

Each of our wholly owned material U.S. subsidiaries guarantees the obligations of our borrower subsidiaries under the Global ABL Facility. Obligations under the U.S. tranche are primarily secured, subject to certain exceptions, by a first-priority security interest in the accounts receivable, inventory and related assets of our wholly owned, material U.S. subsidiaries. The obligations of any of our foreign borrower subsidiaries are primarily secured, subject to certain exceptions, by:

a first-priority security interest in the accounts receivable, inventory and related assets of the foreign subsidiary and the wholly owned material U.S. subsidiaries and

a first-priority pledge by the foreign borrower subsidiary of the equity interests of its direct wholly owned restricted subsidiaries incorporated in the relevant borrower jurisdictions and intercompany debt instruments held by the foreign borrower subsidiary.

No property of our foreign subsidiaries secures the U.S. tranche. The security interest in accounts receivable, inventory and related assets of the U.S. borrower subsidiaries ranks prior to the security interest in this collateral which secures our 9.5% senior secured notes.

Each of our foreign borrower subsidiaries has a separate stand alone borrowing base that limits the foreign subsidiary's ability to borrow under its respective tranche, provided that the foreign subsidiaries may utilize excess availability under the U.S. tranche to borrow amounts in excess of their respective borrowing bases (but not to exceed the applicable commitment amount for the foreign subsidiary's jurisdiction), which utilization will reduce availability under the U.S. tranche dollar for dollar.

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Our ability to borrow in each jurisdiction, other than Belgium, under the facility is limited by a borrowing base in that jurisdiction equal to 85% of eligible receivables, plus the lesser of 70% of eligible inventory and 85% of appraised net orderly liquidation value of the inventory. In Belgium, our borrowing is limited by a borrowing base in Belgium equal to:

for Belgian inventory subject to a pledge under Belgian law, 50% of the lesser of 70% of the net book value and 85% of the appraised net orderly liquidation value of eligible inventory; and

for Belgian inventory subject to a possessory pledge under Belgian law, 70% of the net book value and 85% of the appraised net orderly liquidation value of eligible inventory.

The facility initially bears interest at LIBOR plus a margin of 1.75%; from and after September 1, 2012 the margin will vary between 1.50% and 2.00% based on our fixed charge coverage ratio.

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

Effective March 31, 2012, our previously outstanding \$500 million interest rate swap contract to pay interest at a fixed rate of approximately 1.77% and receive 1-month LIBOR variable interest rate payments monthly, expired. We have several additional interest rate swap derivatives, with notional amounts approximating \$19 million in the aggregate. All of our derivative instruments are freestanding and, accordingly, changes in their fair market value are recorded in earnings.

The table below provides data about the fair value of the derivative instruments that are recorded in our consolidated balance sheets (in thousands):

	March 31, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments:				
Foreign exchange forward contracts ⁽¹⁾	\$ 63	\$	\$	\$ 144
Interest rate contracts ⁽¹⁾		92		2,010

- (1) Included in Accrued expenses and other current liabilities in our consolidated balance sheets. The total notional amount of our interest rate swaps was approximately \$19 million and \$519 million at March 31, 2012 and December 31, 2011. The total notional amount of our forward foreign exchange contracts was approximately \$74 million and \$39 million at March 31, 2012 and December 31, 2011.

The table below provides data about the amount of net gains recognized in our consolidated statements of operations related to our derivative instruments (in thousands):

	Three Months Ended	
	March 31, 2012	March 31, 2011
Derivatives not designated as hedging instruments:		
Interest rate contracts	\$ 1,922	\$ 1,590
Foreign exchange forward contracts	203	278

NOTE 5 STOCKHOLDERS EQUITY**Preferred Stock**

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Our Board of Directors has the authority to issue shares and set the terms of the shares of preferred stock. As of March 31, 2012 and December 31, 2011, we had authorized 150,000,000 shares of preferred stock, however, there were no shares of preferred stock issued or outstanding.

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In April 2012, our Articles of Incorporation were amended to reduce the number of shares of authorized preferred stock from 150,000,000 to 100,000,000.

Common Stock

In February 2012, our Board of Directors and our shareholder approved a two-for-one reverse stock split which reduced the number of shares of common stock outstanding by one half. All share and per share amounts have been adjusted retroactively to reflect this change.

In April 2012, our Articles of Incorporation were amended to increase the number of shares of common stock authorized from 400,000,000 to 500,000,000.

Stock Options and Restricted Stock

Our 2007 Stock Option Plan permitted the grant of stock options to its employees, directors and consultants for up to 3.8 million shares of new common stock. The options were not to be granted with an exercise price less than the fair market value of the Company's common stock on the date of the grant, nor for a term exceeding ten years. Vesting generally occurred over a five year period on the anniversaries of the date specified in the employees' respective option agreements, subject to accelerated vesting under certain circumstances set forth in the option agreements. We expense the fair value of the stock option grants on a straight-line basis over the vesting period. A Black-Scholes option-pricing model is used to estimate the fair value of the stock options.

Under the terms of our 2007 Restricted Stock Plan, up to 500,000 shares of restricted stock could have been granted at the direction of the Board of Directors and vesting generally occurred in one-fourth increments on the second, third, fourth and fifth anniversaries of the date specified in the employees' respective restricted stock agreements, subject to accelerated vesting under certain circumstances set forth in the restricted stock agreements. Fair value is based on the fair value of our stock on the date of issuance. We expense the fair value of the restricted stock grants on a straight-line basis over the vesting period.

No stock options were granted or exercised during the first quarter of 2012. In January 2012, 14,451 shares of restricted stock vested. In February 2012, 15,561 shares of restricted stock were granted to two members of the board of directors.

In April 2012, we replaced the 2007 Stock Option Plan and the 2007 Restricted Stock Plan with the 2011 Omnibus Incentive Plan. All of the shares under the prior plans that had not been previously awarded or subject to prior grants were released. The 2011 Omnibus Incentive Plan has 3,250,000 shares reserved for issuance pursuant to the plan. The plan permits the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other stock-based and cash-based awards. No awards under this plan were granted in the first quarter of 2012.

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

	March 31, 2012	December 31, 2011
Currency translation adjustments	\$ (20,838)	\$ (25,622)
Pension related adjustments	(518)	(518)
Accumulated other comprehensive loss	\$ (21,356)	\$ (26,140)

Earnings per Share

Earnings per share are calculated in the table below (in thousands, except per share amounts).

	Three Months Ended	
	March 31, 2012	March 31, 2011
Net income (loss)	\$ 37,534	\$ (1,128)
Average basic shares outstanding	84,437	84,413
Effect of dilutive securities	319	
Average diluted shares outstanding	84,756	84,413
Net income (loss) per share:		
Basic	\$ 0.44	\$ (0.01)
Diluted	\$ 0.44	\$ (0.01)

Stock options and shares of restricted stock are disregarded in this calculation if they are determined to be anti-dilutive. For the three months ended March 31, 2012 and 2011, our anti-dilutive stock options approximated 2.3 million and 2.0 million. Our anti-dilutive restricted stock for the three months ended March 31, 2011 approximated 0.1 million.

NOTE 6 SEGMENT INFORMATION

We operate as two business segments, North America and International. Our North American segment consists of our operations in the United States and Canada. Our International segment consists of our operations outside of North America, principally Europe, Asia and Australasia. These segments represent our business of selling pipe, valves and fittings to the energy and industrial sectors, across each of the upstream (exploration, production and extraction of underground oil and gas), midstream (gathering and transmission of oil and gas, gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets.

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

	Three Months Ended	
	March 31, 2012	March 31, 2011
Sales		
North America	\$ 1,260.9	\$ 932.4
International	121.7	59.4
Consolidated revenues	\$ 1,382.6	\$ 991.8
Depreciation and amortization		
North America	\$ 3.1	\$ 3.5
International	1.0	0.5
Total depreciation and amortization expense	\$ 4.1	\$ 4.0
Amortization of intangibles		
North America	\$ 10.6	\$ 11.0
International	1.7	1.4
Total amortization of intangibles expense	\$ 12.3	\$ 12.4
Operating income		
North America	\$ 84.8	\$ 27.9
International	5.4	1.7
Total operating income	90.2	29.6
Interest expense	(33.7)	(33.5)
Other income	2.1	2.1
Income (loss) before income taxes	\$ 58.6	\$ (1.8)
	March	December 31,
	31, 2012	2011
Goodwill		
North America	\$ 512.0	\$ 512.1
International	56.8	49.2
Total goodwill	\$ 568.8	\$ 561.3
Total assets		
North America	\$ 3,066.5	\$ 2,923.3
International	412.0	304.4
Total assets	\$ 3,478.5	\$ 3,227.7

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Our net sales by product line are as follows (in thousands):

Type	Three months ended	
	March 31, 2012	March 31, 2011
Energy carbon steel tubular products:		
Line pipe	\$ 290,353	\$ 174,493
Oil country tubular goods	221,221	157,833
	\$ 511,574	\$ 332,326
Valves, fittings, flanges and other products:		
Valves and specialty products	\$ 331,832	\$ 262,114
Carbon steel fittings and flanges and stainless steel and alloy pipe and fittings	276,526	189,343
Other	262,700	208,030
	\$ 871,058	\$ 659,487

NOTE 7 FAIR VALUE MEASUREMENTS

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

Interest Rate Contracts: Interest rate contracts are reported at fair value utilizing Level 2 inputs. We obtain dealer quotations to value our interest rate swap agreements. These quotations rely on observable market inputs such as yield curves and other market-based factors.

Foreign Exchange Forward Contracts: Foreign exchange forward contracts are reported at fair value utilizing Level 2 inputs, as the fair value is based on broker quotes for the same or similar derivative instruments.

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

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2012				
Assets:				
Foreign exchange forward contracts	\$ 63	\$	\$ 63	\$
Liabilities:				
Interest rate swap agreements	92		92	
December 31, 2011				
Assets:	\$	\$	\$	\$
Liabilities:				
Foreign exchange forward contracts	144		144	
Interest rate swap agreements	2,010		2,010	

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

	March 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets				
Cash	\$ 58,833	\$ 58,833	\$ 46,127	\$ 46,127
Accounts receivable, net	871,227	871,227	791,280	791,280
Financial liabilities				
Trade accounts payable	555,556	555,556	479,584	479,584
Accrued expenses and other liabilities	142,500	142,500	108,973	108,973
Long-term debt	1,611,960	1,706,460	1,526,740	1,542,490

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

We estimated the fair value of the senior secured notes using quoted market prices as of March 31, 2012 and December 31, 2011.

The carrying value of our Global ABL Facility and remaining portions of our long-term debt approximate their fair values.

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NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

Asbestos Claims. 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 that individuals brought against a large number of defendant entities, including us, seeking damages for injuries that certain products containing asbestos allegedly caused. As of March 31, 2012, we are a defendant in lawsuits involving approximately 1,011 of these claims. Each claim involves allegations of exposure to asbestos-containing materials by an individual or his or her family members. The complaints typically name many defendants. In a majority of these lawsuits, little or no information is known regarding the nature of the plaintiff's alleged injuries or their connection with products that we distributed. Through March 31, 2012, lawsuits involving 11,874 claims have been brought against us. No asbestos lawsuit has resulted in a judgment against us to date, with the majority being settled, dismissed or otherwise resolved.

There has been an increase in the number of claims filed since the fiscal year ending December 31, 2007. We believe that this increase is primarily due to an increase in the marketing efforts by personal injury law firms in West Virginia and Pennsylvania. Although we do not know whether this is a trend that will continue in the near term, in the long term, we anticipate that asbestos-related litigation against us will decrease as the incidence of asbestos-related disease in the general U.S. population decreases.

We annually conduct analyses of our asbestos-related litigation to estimate the adequacy of the reserve for pending and probable asbestos-related claims. These analyses consist of separately estimating our reserve with respect to pending claims (both those scheduled for trial and those for which a trial date had not been scheduled), mass filings (including lawsuits brought in West Virginia each involving many, in some cases over a hundred, plaintiffs, which include little information regarding the nature of each plaintiff's claim and historically have rarely resulted in any payments to plaintiff) and probable future claims. A key element of the analysis is categorizing our claims by the type of disease the plaintiffs allege and developing benchmark estimated settlement values for each claim category based on our historical settlement experience. These estimated settlement values are applied to each of our pending individual claims. With respect to pending claims where the disease type is unknown, the outcome is projected based on historic experience. The reserve with respect to mass filings is estimated by determining the number of individual plaintiffs included in the mass filings likely to have claims resulting in settlements based on our historical experience with mass filings. Finally, we estimate the value of probable claims that plaintiffs may assert against us over the next 15 years based on public health estimates of future incidences of certain asbestos-related diseases in the general U.S. population. Estimated settlement values are applied to those projected claims. Our annual assessment, dated September 30, 2011, projected that our payments to asbestos claimants over the next 15 years are estimated to range from \$5 million to \$11 million. Given these estimates and existing insurance coverage that historically has been available to cover substantial portions of our past payments to claimants and defense costs, we believe that our current accruals and associated estimates relating to pending and probable asbestos-related litigation likely to be asserted over the next 15 years are currently adequate. Our belief that our accruals and associated estimates are currently adequate, however, relies on a number of significant assumptions, including:

That our future settlement payments, disease mix and dismissal rates will be materially consistent with historic experience;

That future incidences of asbestos-related diseases in the U.S. will be materially consistent with current public health estimates;

That the rates at which future asbestos-related mesothelioma incidences result in compensable claims filings against us will be materially consistent with its historic experience;

That insurance recoveries for settlement payments and defense costs will be materially consistent with historic experience;

That legal standards (and the interpretation of these standards) applicable to asbestos litigation will not change in material respects;

That there are no materially negative developments in the claims pending against us; and

That key co-defendants in current and future claims remain solvent.

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

Other Legal Claims and Proceedings. From time to time, we have been subject to various claims and involved in legal proceedings incidental to the nature of our businesses. We maintain insurance coverage to reduce financial risk associated with certain of these claims and proceedings. It is not possible to predict the outcome of these claims and proceedings. However, in our opinion, there are no material pending legal proceedings that are likely to have a material effect on our business, financial condition or results of operations.

Product Claims. From time to time, in the ordinary course of our business, our customers may claim that the products that we distribute are either defective or require repair or replacement under warranties that either we or the manufacturer may provide to the customer. These proceedings are, in the opinion of management, ordinary and routine matters incidental to our normal business. Our purchase orders with our suppliers generally require the manufacturer to indemnify us against any product liability claims, leaving the manufacturer ultimately responsible for these claims. In many cases, state, provincial or foreign law provides protection to distributors for these sorts of claims, shifting the responsibility to the manufacturer. In some cases, we could be required to repair or replace the products for the benefit of our customer and seek our recovery from the manufacturer for our expense. In the opinion of management, the ultimate disposition of these claims and proceedings is not expected to have a material adverse effect on our business, financial condition or results of operations.

NiSource Claim. In the summer of 2010, our customer NiSource, Inc. notified us that certain polyethylene pipe that PolyPipe, Inc. manufactured may be defective. NiSource requested that the Company and PolyPipe repair and replace the allegedly defective pipe and reimburse NiSource for the costs of locating and removing the pipe. When installing the pipe, NiSource did not track where the pipe was installed, so to locate the allegedly defective pipe, NiSource has embarked on a program of potholing or digging holes by possible sites where the pipe was used to locate the serial numbers of the pipe that may be defective. This has caused NiSource to test locations far in excess of the locations where the allegedly defective pipe may have been used.

On April 28, 2011, PolyPipe filed a petition in the District Court in Cooke County, Texas against the Company and NiSource seeking, among other things, a declaratory judgment that PolyPipe was not responsible for the costs relating to the NiSource's alleged failure to track and record the installation locations of the pipe and NiSource's expenditures to implement a potential remediation plan including finding the pipe and removing the pipe. On June 1, 2011, the Court entered an order of non-suit, dismissing PolyPipe's claims without prejudice to their re-filing the same claims.

NiSource is in the process of locating where the allegedly defective pipe was used while the parties discuss a possible resolution of their respective claims. NiSource has asserted that the Company and PolyPipe are liable for the costs of finding the allegedly defective pipe. Under its contract with NiSource, the Company is not liable for consequential damages. The Company believes that this applies to damages such as finding the allegedly defective pipe. To the extent that pipe is actually defective, the Company may be liable under its warranty to replace the defective pipe. The Company believes that PolyPipe, as the manufacturer of the pipe, is ultimately liable for any manufacturing defects. The Company believes that the ultimate outcome of NiSource's claim will not be material.

Former Shareholder Litigation. On July 30, 2010, an action was brought against the Company in Delaware Chancery Court by a former shareholder of our predecessor, McJunkin Corporation, on his own behalf and as trustee for a trust, alleging the Company has not fully complied with a contractual obligation to divest of certain non-core assets contained in the December 2006 merger agreement, and seeking damages and equitable relief. The parties subsequently reached a settlement agreement whereby the Company agreed to distribute \$1.9 million to the former shareholders (excluding the plaintiffs in the litigation) and both parties have released each other from their respective claims. The Company signed the final settlement documents in February 2012, and the court dismissed the case in March 2012.

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Customer Contracts

We have contracts and agreements with many of our customers that dictate certain terms of our sales arrangements (pricing, deliverables, etc.). While we make every effort to abide by the terms of these contracts, certain provisions are complex and often subject to varying interpretations. Under the terms of these contracts, our customers have the right to audit our adherence to the contract terms. Historically, any settlements that have resulted from these customer audits have been immaterial to our consolidated financial statements.

Purchase Commitments

We have purchase obligations consisting primarily of inventory purchases made in the normal course of business to meet operating needs. While our vendors often allow us to cancel these purchase orders without penalty, in certain cases, cancellations may subject us to cancellation fees or penalties depending on the terms of the contract.

Warranty Claims

We are involved from time to time in various warranty claims, which arise in the ordinary course of business. Historically, any settlements that have resulted from these warranty claims have been immaterial to our consolidated financial statements.

NOTE 9 GUARANTOR AND NON-GUARANTOR FINANCIAL STATEMENTS

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

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

Condensed Consolidated Balance Sheets*(in millions)*

	March 31, 2012					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash	\$ 0.1	\$ 5.0	\$ 0.5	\$ 53.2	\$	\$ 58.8
Accounts receivable, net	0.7	601.3		269.2		871.2
Inventory, net		725.7		297.2		1,022.9
Income taxes receivable	0.1	4.4			(4.5)	
Other current assets		2.3	5.6	9.7		17.6
Total current assets	0.9	1,338.7	6.1	629.3	(4.5)	1,970.5
Investment in subsidiaries	762.3	734.3			(1,496.6)	
Intercompany receivable	7.3	315.6	591.6		(914.5)	
Other assets	1.5	36.9	0.1	6.3		44.8
Property, plant and equipment, net		44.5	19.6	50.1		114.2
Goodwill		512.0		56.8		568.8
Other intangible assets, net		697.2		83.0		780.2
	\$ 772.0	\$ 3,679.2	\$ 617.4	\$ 825.5	\$ (2,415.6)	\$ 3,478.5
Trade accounts payable	\$ 0.1	\$ 376.2	\$ 0.6	\$ 178.7	\$	\$ 555.6
Accrued expenses	1.2	81.5	8.3	51.5		142.5
Income taxes payable			28.1	2.5	(4.5)	26.1
Deferred revenue		1.7		0.7		2.4
Deferred income taxes		72.0	(0.6)	(2.2)		69.2
Total current liabilities	1.3	531.4	36.4	231.2	(4.5)	795.8
Long-term debt, net		1,551.1		60.9		1,612.0
Intercompany payable		555.9		358.6	(914.5)	
Deferred income taxes	5.7	267.7	0.5	13.7		287.6
Other liabilities		10.8	0.2	7.1		18.1
Stockholders' equity	765.0	762.3	580.3	154.0	(1,496.6)	765.0
	\$ 772.0	\$ 3,679.2	\$ 617.4	\$ 825.5	\$ (2,415.6)	\$ 3,478.5

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	December 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash	\$ 0.1	\$ 4.8	\$ 0.2	\$ 41.0	\$	\$ 46.1
Accounts receivable, net	0.7	585.9		204.7		791.3
Inventory, net		682.1		217.0		899.1
Income taxes receivable	0.8	28.5			(29.3)	
Other current assets		2.2	2.1	7.1		11.4
Total current assets	1.6	1,303.5	2.3	469.8	(29.3)	1,747.9
Investment in subsidiaries	718.0	607.1			(1,325.1)	
Intercompany receivable	7.3	258.3	561.3		(826.9)	
Other assets		31.8	0.1	7.3		39.2
Property, plant and equipment, net		45.2	19.6	42.6		107.4
Goodwill		512.0		49.3		561.3
Other intangible assets, net		707.2		64.7		771.9
	\$ 726.9	\$ 3,465.1	\$ 583.3	\$ 633.7	\$ (2,181.3)	\$ 3,227.7
Trade accounts payable	\$	\$ 328.1	\$ 2.5	\$ 149.0	\$	\$ 479.6
Accrued expenses	0.2	63.1	12.4	33.3		109.0
Income taxes payable			37.1	4.2	(29.3)	12.0
Deferred revenue		3.7		0.7		4.4
Deferred income taxes		71.0	(0.6)	(2.2)		68.2
Total current liabilities	0.2	465.9	51.4	185.0	(29.3)	673.2
Long-term debt, net		1,469.8		56.9		1,526.7
Intercompany payable		530.2		296.7	(826.9)	
Deferred taxes	5.7	269.7	1.0	12.6		289.0
Other liabilities	0.1	11.5	0.2	6.1		17.9
Stockholders' equity	720.9	718.0	530.7	76.4	(1,325.1)	720.9
	\$ 726.9	\$ 3,465.1	\$ 583.3	\$ 633.7	\$ (2,181.3)	\$ 3,227.7

Table of Contents**Condensed Consolidated Statements of Operations***(in millions)*

	Three Months Ended March 31, 2012					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	\$	1,052.7	\$	\$ 329.9	\$	\$ 1,382.6
Cost of sales		883.5	1.0	261.5		1,146.0
Gross profit		169.2	(1.0)	68.4		236.6
Operating expenses	0.3	69.6	25.9	50.6		146.4
Operating (loss) income	(0.3)	99.6	(26.9)	17.8		90.2
Other (expense) income		(128.0)	104.4	(8.0)		(31.6)
(Loss) income before taxes	(0.3)	(28.4)	77.5	9.8		58.6
Equity in earnings of subsidiary	37.7	55.9			(93.6)	
Income tax (benefit)	(0.1)	(10.2)	27.9	3.5		21.1
Net income (loss)	\$ 37.5	\$ 37.7	\$ 49.6	\$ 6.3	\$ (93.6)	\$ 37.5

	Three Months Ended March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	\$	\$ 771.5	\$	\$ 220.3	\$	\$ 991.8
Cost of sales		667.1	0.9	176.8		844.8
Gross profit		104.4	(0.9)	43.5		147.0
Operating expenses	0.2	61.2	20.5	35.5		117.4
Operating (loss) income	(0.2)	43.2	(21.4)	8.0		29.6
Other (expense) income		(94.1)	68.8	(6.1)		(31.4)
(Loss) income before taxes	(0.2)	(50.9)	47.4	1.9		(1.8)
Equity in earnings of subsidiary	(1.0)	30.0			(29.0)	
Income tax (benefit)	(0.1)	(19.9)	17.6	1.7		(0.7)
Net (loss) income	\$ (1.1)	\$ (1.0)	\$ 29.8	\$ 0.2	\$ (29.0)	\$ (1.1)

Table of Contents*Condensed Consolidated Statements of Comprehensive Income**(in millions)*

	Three Months Ended March 31, 2012					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Net income	\$ 37.5	\$ 37.7	\$ 49.6	\$ 6.3	\$ (93.6)	\$ 37.5
Other comprehensive income	4.8	4.8		(1.2)	(3.6)	4.8
Comprehensive income	\$ 42.3	\$ 42.5	\$ 49.6	\$ 5.1	\$ (97.2)	\$ 42.3

	Three Months Ended March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Net income	\$ (1.1)	\$ (1.0)	\$ 29.8	\$ 0.2	\$ (29.0)	\$ (1.1)
Other comprehensive income	10.4	10.4		3.7	(14.1)	10.4
Comprehensive income	\$ 9.3	\$ 9.4	\$ 29.8	\$ 3.9	\$ (43.1)	\$ 9.3

Table of Contents**Condensed Consolidated Statements of Cash Flows***(in millions)*

	Three Months Ended March 31, 2012					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	\$ 1.6	\$ (22.1)	\$ 1.2	\$ 37.6	\$	\$ 18.3
Investing activities	(1.6)	(47.6)	(1.0)	(75.2)	45.5	(79.9)
Financing activities		73.6		47.5	(45.5)	75.6
Increase (decrease) in cash		3.9	0.2	9.9		14.0
Effect of exchange rate on cash		(3.7)		2.4		(1.3)
Cash beginning of period	0.1	4.8	0.2	41.0		46.1
Cash end of period	\$ 0.1	\$ 5.0	\$ 0.4	\$ 53.3	\$	\$ 58.8

	Three Months Ended March 31, 2011					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	\$ (0.1)	\$ 33.8	\$ 3.6	\$ (31.5)	\$	\$ 5.8
Investing activities	(0.1)	12.7	(3.6)	2.9		11.9
Financing activities		(43.3)		12.5		(30.8)
Increase (decrease) in cash	(0.2)	3.2		(16.1)		(13.1)
Effect of exchange rate on cash		(1.3)		0.3		(1.0)
Cash beginning of period	1.1	4.4		50.7		56.2
Cash end of period	\$ 0.9	\$ 6.3	\$	\$ 34.9	\$	\$ 42.1

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In April 2012, we completed the initial public offering of 22,727,273 shares of common stock at a stock price of \$21.00 per share. In connection with the offering, MRC Global Inc. sold 17,045,455 shares resulting in aggregate net proceeds to us of approximately \$333.9 million after deducting underwriting discounts and estimated offering expenses. A selling stockholder sold the remaining 5,681,818 shares. The \$333.9 million of proceeds were used to repay advances on the Global ABL Facility. The following unaudited pro forma condensed balance sheet reflects the transaction as if it had occurred on March 31, 2012.

	Actual as of March 31, 2012	Pro forma adjustments	Pro forma as of March 31, 2012
Assets			
Total current assets	\$ 1,970,509	\$	\$ 1,970,509
Other assets	44,767		44,767
Property, plant and equipment, net	114,173		114,173
Intangible assets	1,349,009		1,349,009
Total assets	\$ 3,478,458		\$ 3,478,458
Liabilities and stockholders equity			
Total current liabilities	\$ 795,784	\$	\$ 795,784
Long-term debt, net	1,611,960	(333,900)	1,278,060
Other long term liabilities	305,693		305,693
Shareholders equity:			
Common stock	844	170	1,014
Preferred stock			
Additional paid-in capital	1,284,790	333,730	1,618,520
Retained (deficit)	(499,257)		(499,257)
Other comprehensive income	(21,356)		(21,356)
Total equity	765,021	333,900	1,098,921
Total liabilities and equity	\$ 3,478,458	\$	\$ 3,478,458

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ITEM 2. 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 report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. 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.

Cautionary Note Regarding Forward-Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations (as well as other sections of this Quarterly Report on Form 10-Q) contain forward-looking statements, including, for example, statements about our business strategy, our industry, our future profitability, growth in the industry sectors we serve, our expectations, beliefs, plans, strategies, objectives, prospects and assumptions, and estimates and projections of future activity and trends in the oil and natural gas industry. These forward-looking statements are not guarantees of future performance. These statements are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors", that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

decreases in oil and natural gas prices;

decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors;

increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels;

U.S. and international general economic conditions;

our ability to compete successfully with other companies in our industry;

the risk that manufacturers of the products we distribute will sell a substantial amount of goods directly to end users in the industry sectors we serve;

unexpected supply shortages;

cost increases by our suppliers;

our lack of long-term contracts with most of our suppliers;

increases in customer, manufacturer and distributor inventory levels;

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suppliers price reductions of products that we sell, which could cause the value of our inventory to decline;

decreases in steel prices, which could significantly lower our profit;

increases in steel prices, which we may be unable to pass along to our customers, which could significantly lower our profit;

our lack of long-term contracts with many of our customers and our lack of contracts with customers that require minimum purchase volumes;

changes in our customer and product mix;

risks related to our customers credit;

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the potential adverse effects associated with integrating acquisitions into our business and whether these acquisitions will yield their intended benefits;

the success of our acquisition strategies;

our significant indebtedness;

the dependence on our subsidiaries for cash to meet our debt obligations;

changes in our credit profile;

a decline in demand for certain of the products we distribute if import restrictions on these products are lifted;

environmental, health and safety laws and regulations and the interpretation or implementation thereof;

the sufficiency of our insurance policies to cover losses, including liabilities arising from litigation;

product liability claims against us;

pending or future asbestos-related claims against us;

the potential loss of key personnel;

interruption in the proper functioning of our information systems;

loss of third-party transportation providers;

potential inability to obtain necessary capital;

risks related adverse weather events or natural disasters;

impairment of our goodwill or other intangible assets;

changes in tax laws or adverse positions taken by taxing authorities in the countries in which we operate;

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adverse changes in political or economic conditions in the countries in which we operate;

exposure to U.S. and international laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs;

potential increases in costs and distraction of management resulting from the requirements of being a publicly reporting company;

risks relating to evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act;

the operation of our Company as a controlled company ; and

the limited usefulness of our historic financial statements.

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

Overview

We are the largest global industrial distributor of 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

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and chemical, processing and general industrials) sectors. Globally, we have two operating segments through which we serve our customers in over 400 service locations. Our North American segment includes over 175 branch locations, six distribution centers in the U.S., one distribution center in Canada, 12 valve automation service centers and over 150 third party pipe yards located in the most active oil and natural gas regions in North America. Our International segment includes over 40 branch locations throughout Europe, Asia and Australasia with distribution centers in the United Kingdom, Singapore and Australia and 10 automation service centers in Europe and Asia. 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 12,000 customers. We are diversified by geography, the industry sectors we serve and the products we sell. 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 largest 25 customers.

Key Drivers of Our Business

Our revenues are predominantly derived from the sale of PVF and other oilfield and industrial supplies to the energy sector 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 and capital expenditures by our customers in the upstream, midstream and downstream sectors 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, growth in shale and unconventional exploration and production (E&P) activity, and anticipated strength in the oil, natural gas, refined products, petrochemical and other industrial sectors. The outlook for future oil, natural gas, refined products, petrochemical and other industrial PVF spending is influenced by numerous factors, including the following:

Oil and Natural Gas 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 maintenance and capital 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, E&P spending, additions and maintenance to pipeline mileage, refinery utilization and petrochemical and other industrial processing activity.

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. 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.

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 their inventory rather than purchase new products. Reduced demand, in turn, would likely result in reduced sales volume and profitability. Increased inventory levels by manufacturers or other distributors can cause an oversupply of PVF and related products in the industry sectors we serve 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.

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Recent Trends and Outlook

During the first quarter of 2012, oil prices remained strong with an average price of approximately \$103 per barrel for West Texas Intermediate (WTI), which was approximately 9% above the average for the first quarter of 2011. Natural gas prices declined to an average price of \$2.44/Mcf (Henry Hub) for the first quarter of 2012 from an average of \$4.07/Mcf in the first quarter of 2011. At March 31, 2012, the natural gas price was \$2.00/Mcf (Henry Hub). Behind the strength of oil prices, North American drilling activity has increased 12% in the first three months of 2012 as compared to the same period of 2011. We continue to see a shift in rig utilization from natural gas to oil, with average oil drilling representing over 65% of the total North American rig count during the first three months of 2012 up from 52% for the same time period in 2011.

Activity levels in the upstream sector remain strong. In the U.S., the average total rig count was up 16% in the first quarter of 2012 as compared to the first quarter of 2011. Continued development within the Eagle Ford and Bakken shale regions and the Permian Basin primarily drove this increase in rig count. In Canada, the average total rig count for the first quarter of 2012 was flat as compared to the same period in 2011. However, maintenance, repair and operations (MRO) activity, particularly in the heavy oil and tar sands regions has remained strong, mitigating the downturn experienced in shallow natural gas drilling elsewhere in Canada.

The midstream sector, which includes gathering, transmission pipelines and natural gas utilities, is our fastest growing sector. New wells coming on line and the continued need for infrastructure within the shale basins has driven this growth in gathering and transmission. As a result of the shift in E&P activity from natural gas to oil, we have experienced a shifting in activity from the primarily natural gas regions of the Barnett, Haynesville, Woodford, and Fayetteville shales to the Bakken, Eagle Ford, and Niobrara shales and the Permian Basin, which are heavier producing regions for oil and natural gas liquids. At the same time, increasing focus on pipeline integrity work and the need for utilities to repair or replace aging pipeline infrastructure has had a similar positive impact on the gas utilities portion of our midstream business.

Our downstream and other industrials sector performance continues to improve. Within refining, market participants still appear cautious with respect to major capital spending because of international refining capacity additions, higher crude oil prices and relatively low margins relative to longer term historical levels. However, we believe there will be increased turnaround activity by our major customers in our U.S. refining sector in 2012 and 2013 due to customers' delays in routine turnaround activity for maintenance and repair in recent years.

Internationally we continue to see some improvement in prospects, although in Europe the outlook will be partly driven by Eurozone sentiment that will impact market confidence. Our Australasian business benefitted from the March 2012 acquisition of MRC PSA and early indications of business activity post acquisition are encouraging. Refining customers remain cautious particularly with the shift in production from Europe to Asia.

We determine backlog by the amount of unshipped third-party customer orders, either specific or general in nature (including orders held under pipe programs), which the customer may revise or cancel in certain instances. There can be no assurance that the backlog amounts will be ultimately realized as revenue, or that we will earn a profit on the backlog of orders. Our backlog at March 31, 2012 was \$948 million, including \$775 million in our North American segment and \$173 million in our International segment. We believe the key drivers for our business in our primary end markets remain strong, and we expect full year 2012 revenues to be between \$5.4 and \$5.6 billion. Due to our improved first quarter performance and our favorable product mix in our inventory from our 2011 inventory rebalance and purchasing strategy, we expect our Adjusted Gross Profit percentage to be 18% to 19% and Adjusted EBITDA percentage to be between 8.0% and 8.5% in 2012.

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The following table shows key industry indicators for the three months ended March 31, 2012 and 2011:

	Three Months Ended	
	March 31, 2012	March 31, 2011
Average Rig Count(1):		
United States	1,990	1,716
Canada	585	587
Total North America	2,575	2,303
International	1,189	1,166
Total Worldwide	3,764	3,469
Average Oil Rig Count(1):		
United States	1,262	813
Canada	418	385
Total North America	1,680	1,198
Average Natural Gas Rig Count(1):		
United States	725	900
Canada	165	184
Total North America	890	1,084
Average Commodity Prices(2):		
WTI crude oil (per barrel)	\$ 102.87	\$ 94.07
Brent crude oil (per barrel)	\$ 118.71	\$ 105.45
Natural gas (\$/Mcf)	\$ 2.44	\$ 4.07
Average Monthly Well Permits(3)	5,962	5,018
3:2:1 Crack Spread(4)	\$ 36.25	\$ 23.55
PMI Index (5)	53.4	59.7

(1) Source Baker Hughes (www.bakerhughes.com) (Total rig count includes oil, natural gas and other rigs.)

(2) Source Department of Energy, EIA (www.eia.gov)

(3) Source RigData (U.S.)

(4) Source Commodity Systems, Inc.

(5) Source Institute for Supply Management

The breakdown of our sales by sector for the three months ended March 31, 2012 and 2011 was as follows:

	Three Months Ended			
	March 31, 2012		March 31, 2011	
Upstream	\$ 649.8	47%	\$ 466.2	47%
Midstream	359.5	26%	228.1	23%
Downstream and other industrials	373.3	27%	297.5	30%
	\$ 1,382.6	100%	\$ 991.8	100%

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Sales to the upstream sector totaled \$649.8 million for the three months ended March 31, 2012 compared to \$466.2 million for the same period in 2011, an increase of 39%.

In the midstream sector, we generated revenue growth of 58% to \$359.5 million in the first three months of 2012 as compared to \$228.1 million the first three months of 2011. Revenue from our gathering and transmission customers increased 40% in the first quarter of 2012 as compared to 2011, while revenue from our natural gas utilities customers increased approximately 67% in the first quarter of 2012 as compared to 2011.

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Our downstream and other industrials sector sales improved 25% to \$373.3 million in the first quarter of 2012 as compared to \$297.5 million in the first quarter of 2011. Approximately half of this growth was attributable to our international acquisitions of MRC SPF and MRC PSA which are more heavily weighted toward downstream and other industrials than the business as a whole. In North America, the downstream sector grew 12% over this same time period.

Three Months Ended March 31, 2012 Compared to the Three Months Ended March 31, 2011

For the three months ended March 31, 2012 and 2011 the following table summarizes our results of operations (in millions). Corporate administrative costs are included in the North American segment.

	Three Months Ended March 31,		\$ Change	% Change
	2012	2011		
<i>Sales:</i>				
North America	\$ 1,260.9	\$ 932.4	\$ 328.5	35.2%
International	121.7	59.4	62.3	104.9%
Consolidated	\$ 1,382.6	\$ 991.8	\$ 390.8	39.4%
<i>Gross profit:</i>				
North America	\$ 204.2	\$ 129.2	\$ 75.0	58.0%
International	32.4	17.8	14.6	82.0%
Consolidated	\$ 236.6	\$ 147.0	\$ 89.6	61.0%
<i>Selling, general and administrative expenses:</i>				
North America	\$ 119.4	\$ 101.3	\$ 18.1	17.9%
International	27.0	16.1	10.9	67.7%
Consolidated	\$ 146.4	\$ 117.4	\$ 29.0	24.7%
<i>Operating income:</i>				
North America	\$ 84.8	\$ 27.9	\$ 56.9	203.9%
International	5.4	1.7	3.7	217.6%
Consolidated	\$ 90.2	\$ 29.6	\$ 60.6	204.7%
Interest expense	(33.7)	(33.5)	(0.2)	0.6%
Write off of deferred financing fees	(1.7)		(1.7)	N/M
Other, net	3.8	2.1	1.7	81.0%
Income tax (expense) benefit	(21.1)	0.7	(21.8)	N/M
Net income (loss)	\$ 37.5	\$ (1.1)	\$ 38.6	N/M
Adjusted Gross Profit	\$ 259.9	\$ 173.5	\$ 86.4	49.8%
Adjusted EBITDA	\$ 115.2	\$ 60.0	\$ 55.2	92.0%

Sales. Sales include the revenue recognized from the sale 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 increased 39% to \$1,382.6 million for the three months ended March 31, 2012 as compared to \$991.8 million for the three months ended March 31, 2011.

North American Segment Our North American sales increased to \$1,260.9 million for the three months ended March 31, 2012 from \$932.4 million for the three months ended March 31, 2011. The 35% increase was due to an increase in volume related to the improved business

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environment, in particular, the upstream and midstream sectors, which have been driven by activity levels in the oil and natural gas shale regions in the U.S. as well as the heavy oil and tar sands regions of Canada.

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International Segment Our International sales increased to \$121.7 million for the three months ended March 31, 2012 from \$59.4 million for the same period in 2011. Approximately \$48.5 million of this increase was due to the acquisition of MRC SPF in June 2011 and the acquisition of MRC PSA in March of 2012. The remainder of the increase is due to an improvement in activity in Europe and Asia.

Gross Profit. Our gross profit was \$236.6 million (17.1% of sales) for the three months ended March 31, 2012 as compared to \$147.0 million (14.8% of sales) for the three months ended March 31, 2011. The 230 basis points improvement in gross profit percentage was driven by a favorable change in product mix and the leveraging of the fixed cost component of cost of sales.

North American Segment Gross profit for our North American segment increased to \$204.2 million (16.2% of sales) for the three months ended March 31, 2012 from \$129.2 million (13.9% of sales) for the three months ended March 31, 2011. The increase of \$75.0 million was due primarily to an increase in the volume of products sold year over year. The rig count increased 12% for that same period.

International Segment Gross profit for our International segment increased to \$32.4 million (26.6% of sales) for the three months ended March 31, 2012 from \$17.8 million (30.0% of sales) for the three months ended March 31, 2011, an improvement of \$14.6 million. The increase in gross profit was largely attributable to the acquisitions of MRC SPF and MRC PSA, while the remainder of the increase is due to organic growth in sales for the international segment, particularly in Europe and Asia. The decrease in the gross profit percentage reflects the change in the mix of products resulting from the acquisitions of MRC SPF and MRC PSA.

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 that may include these expenses as a component of cost of sales. Purchasing and warehousing costs approximated \$8.2 million and \$6.2 million for the three months ended March 31, 2012 and 2011.

Adjusted Gross Profit. Adjusted Gross Profit increased to \$259.9 million (18.8% of sales) for the three months ended March 31, 2012 from \$173.5 million (17.5% of sales) for the three months ended March 31, 2011, an improvement of \$86.4 million. We define Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, and plus or minus the impact of our LIFO inventory costing methodology. We present Adjusted Gross Profit because we believe it is a useful indicator of our 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 acquisitions in which they have been involved. Similarly, gross profit results vary substantially from company to company depending upon whether they elect to utilize the LIFO method and depending upon which method they may elect. In particular, we believe that Adjusted Gross Profit is a useful indicator of our operating performance because Adjusted Gross Profit measures our Company's operating performance without regard to acquisition transaction-related amortization expenses. We use Adjusted Gross Profit as a key performance indicator in managing our business. We believe that gross profit is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted Gross Profit.

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The following table reconciles Adjusted Gross Profit with our gross profit, as derived from our financial statements (in millions):

	Three Months Ended March 31,			
	2012	Percentage of Revenue	2011	Percentage of Revenue
Gross profit, as reported	\$ 236.6	17.1%	\$ 147.0	14.8%
Depreciation and amortization	4.1	0.3%	4.0	0.4%
Amortization of intangibles	12.3	0.9%	12.4	1.3%
Increase in LIFO reserve	6.9	0.5%	10.1	1.0%
Adjusted Gross Profit	\$ 259.9	18.8%	\$ 173.5	17.5%

Selling, General and Administrative (SG&A) 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 \$146.4 million (10.6% of sales) for the three months ended March 31, 2012 as compared to \$117.4 million (11.8% of sales) for the three months ended March 31, 2011.

North American Segment Our North American SG&A increased to \$119.4 million for the three months ended March 31, 2012 from \$101.3 million for the three months ended March 31, 2011. The \$18.1 million increase was primarily due to additional personnel costs such as overtime and incentives and other costs directly related to the increase in business activity.

International Segment Our International segment's SG&A increased to \$27.0 million for the three months ended March 31, 2012 from \$16.1 million for the three months ended March 31, 2011. The \$10.9 million increase is primarily related to the March 2012 and mid-2011 acquisitions of MRC PSA and MRC SPF, respectively, while the remainder of the increase is due to the increase in business activity.

Operating Income. Operating income was \$90.2 million for the three months ended March 31, 2012, as compared to operating income of \$29.6 million for the three months ended March 31, 2011, an improvement of \$60.6 million.

North American Segment Operating income for our North American segment increased to \$84.8 million for the three months ended March 31, 2012 from \$27.9 million for the three months ended March 31, 2011. The improvement of \$56.9 million was driven by an increase in gross profit of \$75.0 million offset by a \$18.1 million increase in selling, general and administrative expenses.

International Segment- Operating income for our International segment increased to \$5.4 million for the three months ended March 31, 2012 from \$1.7 million for the three month ended March 31, 2011. The improvement of \$3.7 million was driven by an increase in gross profit of \$14.6 million offset by a \$10.9 million increase in selling, general and administrative expenses.

Interest Expense. Our interest expense was \$33.7 million for the three months ended March 31, 2012 as compared to \$33.5 million for the three months ended March 31, 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 \$2.1 million and \$1.9 million during the three months ended March 31, 2012 and March 31, 2011, respectively. In March 2012, we refinanced certain of our credit facilities. As a result of their termination, we wrote off and expensed \$1.7 million in debt issuance costs.

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Income Tax (Expense) Benefit. Our income tax expense was \$21.1 million for the three months ended March 31, 2012, as compared to an income tax benefit of \$0.7 million for the three months ended March 31, 2011. Our effective tax rates were 36.0% and 38.0% for the three months ended March 31, 2012 and 2011, respectively. These rates differ from the federal statutory rate of 35% principally as a result of state income taxes and differing foreign income tax rates.

Net Income (Loss). Our net income was \$37.5 million for the three months ended March 31, 2012 as compared to a \$1.1 million net loss for the three months ended March 31, 2011, an improvement of \$38.6 million.

Adjusted EBITDA. We define Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles and other 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. Adjusted EBITDA was \$115.2 million for the three months ended March 31, 2012, as compared to \$60.0 million for the three months ended March 31, 2011. This Adjusted EBITDA increase of \$55.2 million over that period was primarily due to the increase in gross profit and other factors noted above.

Adjusted EBITDA is an important measure under our Global ABL credit facility. In addition, we believe it provides investors a helpful measure for comparing our operating performance with the performance of other companies that have different financing and capital structures or tax rates. We believe that net income (loss) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted EBITDA. The calculation of Adjusted EBITDA is consistent with the computation of Consolidated Cash flow, as defined in the indenture governing the Notes, except for the change in the LIFO reserve, which would not be an adjustment in determining Consolidated Cash Flow.

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

	Three Months Ended March 31,	
	2012	2011
Net income (loss)	\$ 37.5	\$ (1.1)
Income tax expense (benefit)	21.1	(0.7)
Interest expense	33.7	33.5
Write off of debt issuance costs	1.7	
Depreciation and amortization	4.1	4.0
Amortization of intangibles	12.3	12.4
Increase in LIFO reserve	6.9	10.1
Change in fair value of derivative instruments	(2.1)	(1.9)
Equity-based compensation expense	1.8	1.5
Legal and consulting expenses	(1.2)	1.2
Other non-cash expenses	(0.6)	1.0
Adjusted EBITDA	\$ 115.2	\$ 60.0

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. At March 31, 2012, our total liquidity including cash on hand was \$496 million. On a pro forma basis, taking into consideration the proceeds from our initial public offering, liquidity would have been \$830 million. 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, 2012 and December 31, 2011, we had cash and cash equivalents of \$58.8 million and \$46.1 million, respectively. As of March 31, 2012 and December 31, 2011, \$53.2 million and \$41.0 million of our cash and cash equivalents was maintained in the accounts of our various foreign

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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. We have the intent and ability to permanently reinvest the cash held by our foreign subsidiaries and there are currently no plans that require the repatriation of such amounts.

In March 2012, we entered into a new multi-currency global asset-based revolving credit facility (the Global ABL Facility) which replaced our then existing asset-based lending credit facility (ABL Credit Facility), our MRC Transmark term loan and revolving credit facility and our MRC Transmark overdraft facility. The five-year Global ABL Facility is comprised of \$1.25 billion of total revolving credit facilities, including \$1.025 billion in the United States, \$145 million in Canada, \$12 million in the United Kingdom, \$52 million in Australia, \$9 million in the Netherlands and \$7 million in Belgium. The facility contains an accordion feature that allows us to increase the principal amount of the facility by up to \$300 million.

Each of our wholly owned material U.S. subsidiaries guarantees the obligations of our borrower subsidiaries under the Global ABL Facility. Obligations under the U.S. tranche are primarily secured, subject to certain exceptions, by a first-priority security interest in the accounts receivable, inventory and related assets of our wholly owned, material U.S. subsidiaries. The obligations of any of our foreign borrower subsidiaries are primarily secured, subject to certain exceptions, by:

a first-priority security interest in the accounts receivable, inventory and related assets of the foreign subsidiary and the wholly owned material U.S. subsidiaries and

a first-priority pledge by the foreign borrower subsidiary of the equity interests of its direct wholly owned restricted subsidiaries incorporated in the relevant borrower jurisdictions and intercompany debt instruments held by the foreign borrower subsidiary.

No property of our foreign subsidiaries secures the U.S. tranche. The security interest in accounts receivable, inventory and related assets of the U.S. borrower subsidiaries ranks prior to the security interest in this collateral which secures our 9.5% senior secured notes.

Each of our foreign borrower subsidiaries has a separate stand alone borrowing base that limits the foreign subsidiary's ability to borrow under its respective tranche, provided that the foreign subsidiaries may utilize excess availability under the U.S. tranche to borrow amounts in excess of their respective borrowing bases (but not to exceed the applicable commitment amount for the foreign subsidiary's jurisdiction), which utilization will reduce availability under the U.S. tranche dollar for dollar.

Our ability to borrow in each jurisdiction, other than Belgium, under the facility is limited by a borrowing base in that jurisdiction equal to 85% of eligible receivables, plus the lesser of 70% of eligible inventory and 85% of appraised net orderly liquidation value of the inventory. In Belgium, our borrowing is limited by a borrowing base in Belgium equal to:

for Belgian inventory subject to a pledge under Belgian law, 50% of the lesser of 70% of the net book value and 85% of the appraised net orderly liquidation value of eligible inventory; and

for Belgian inventory subject to a possessory pledge under Belgian law, 70% of the net book value and 85% of the appraised net orderly liquidation value of eligible inventory.

The facility initially bears interest at LIBOR plus a margin of 1.75%; from and after September 1, 2012 the margin will vary between 1.50% and 2.00% based on our fixed charge coverage ratio.

We also have \$1.05 billion of 9.50% senior secured notes due December 15, 2016 (the notes) outstanding.

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In April 2012, we completed our initial public offering which generated net proceeds of approximately \$333.9 million. The proceeds were used to pay down borrowings against our Global ABL 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 our senior secured notes and various credit facilities as of and during the three months ended March 31, 2012 and we expect to be in compliance for the next twelve months.

Cash Flows

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

	Three Months Ended	
	March 31,	March 31,
	2012	2011
Net cash (used in) provided by:		
Operating activities	\$ 18.3	\$ 5.8
Investing activities	(79.9)	11.9
Financing activities	75.6	(30.8)
Net increase (decrease) in cash and cash equivalents	\$ 14.0	\$ (13.1)

Operating Activities

Net cash provided by operating activities was \$18.3 million during the three months ended March 31, 2012 compared to net cash provided by operating activities of \$5.8 million during the three months ended March 31, 2011. The increase in net cash provided by operations was primarily the result of an increase in net income offset by working capital requirements necessary to meet the demands of increased business activity levels.

Investing Activities

Net cash used in investing activities was \$79.9 million for the three months ended March 31, 2012, compared \$11.9 million provided by for the three months ended March 31, 2011. The \$91.8 million increase in cash used in investing activities is primarily due to the acquisition of MRC PSA which required \$72.8 million of cash during the quarter. Although not finalized, the MRC PSA purchase price is subject to a working capital adjustment under which we currently expect to make a payment of approximately \$16.1 million during the second quarter of 2012. Our capital expenditures were \$4.5 million for the three months ended March 31, 2012 and \$2.0 million for the three months ended March 31, 2011. Excluding acquisitions, we expect capital expenditures in 2012 to be \$20 million to \$22 million. This level of capital expenditures is typical for our business.

Financing Activities

Net cash provided by financing activities was \$75.6 million for the three months ended March 31, 2012, compared to net cash used in financing activities of \$30.8 million used for the three months ended March 31, 2011. These activities generally reflect advances and payments on our revolving credit facilities. During the three months ended March 31, 2012, we advanced \$114.1 million under such facilities primarily to fund the acquisition of MRC PSA as well as the \$31.5 million repayment of the MRC Transmark term loan facility. By contrast, for the same period in 2011 we repaid \$30.8 million under these facilities.

New Accounting Standards

There have been no developments with respect to recently issued accounting standards, the expected adoption of which would materially impact our consolidated financial statements, aside from those disclosed in our consolidated financial statements and notes thereto for the year ended December 31, 2011, see Item 7: Management's Discussion and Analysis of Financial Condition and Results from Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

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Critical Accounting Policies

The preparation of financial statement, in conformity with accounting principles generally accepted in the United States of America, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements. Management bases its estimates on historical experience and other assumptions, which it believes are reasonable. If actual amounts are ultimately different from these estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

Accounting policies are considered critical when they require management to make assumptions about matters that are highly uncertain at the time the estimates are made and when there are different estimates that management reasonably could have made, which would have a material impact on the presentation of our financial condition, changes in our financial condition or results of operations. For a description of our critical accounting policies, see Item 7: Management's Discussion and Analysis of Financial Condition and Results from Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A: Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

As of March 31, 2012, we have reviewed, under the direction of our Chief Executive Officer and Chief Financial Officer, the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e). Based upon and as of the date of that review, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the first three months of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II-OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we have been subject to various claims and involved in legal proceedings incidental to the nature of our businesses. We maintain insurance coverage to reduce financial risk associated with certain of these claims and proceedings. It is not possible to predict the outcome of these claims and proceedings. However, in our opinion, there are no material pending legal proceedings that are likely to have a material effect on our business, financial condition or results of operations, although it is possible that the resolution of certain actual, threatened or anticipated claims or proceedings could have a material adverse effect on our results of operation in the period of resolution.

Also, from time to time, in the ordinary course of our business, our customers may claim that the products that we distribute are either defective or require repair or replacement under warranties that either we or the manufacturer may provide to the customer. These proceedings are, in the opinion of management, ordinary and routine matters incidental to our normal business. Our purchase orders with our suppliers generally require the manufacturer to indemnify us against any product liability claims, leaving the manufacturer ultimately responsible for these claims. In many cases, state, provincial or foreign law provides protection to distributors for these sorts of claims, shifting the responsibility to the manufacturer. In some cases, we could be required to repair or replace the products for the benefit of our customer and seek our recovery from the manufacturer for our expense. In the opinion of management, the ultimate disposition of these claims and proceedings are not expected to have a material adverse effect on our financial position, results of operations or cash flows, although it is possible that the resolution of certain actual, threatened or anticipated claims or proceedings could have a material adverse effect on our results of operation in the period of resolution.

For information regarding asbestos cases in which we are a defendant and other claims and proceedings, see Note 8 Commitments and Contingencies to our unaudited condensed financial statements.

ITEM 1A. RISK FACTORS

We are affected by risks specific to us as well as factors that affect all businesses operating in a global market. The significant factors known to us that could materially adversely affect our business, financial condition, or operating results are described in Item 2 of Part I above and in Part I, Item 1a of our most recently posted Annual Report on Form 10-K under Risk Factors . There has been no material change in those risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINING SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

Table of Contents**ITEM 6. EXHIBITS**

Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 001-35479) filed with the SEC on April 17, 2012).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K (File No. 001-35479) filed with the SEC on April 17, 2012).
10.1	Amended and Restated Loan, Security and Guarantee Agreement, dated as of March 27, 2012, among McJunkin Red Man Corporation, Greenbrier Petroleum Corporation, McJunkin Red Man Development Corporation, Midway Tristate Corporation, Milton Oil & Gas Company, MRC Management Company, Ruffner Realty Company and The South Texas Supply Company, Inc., as U.S. Borrowers and Guarantors, MRC Transmark Pty Ltd and MRC SPF Pty Ltd., as Australian Borrowers, MRC Transmark NV, as a Belgian Borrower, Midfield Supply ULC, as a Canadian Borrower, MRC Transmark B.V. and MRC Transmark International B.V., as Dutch Borrowers, MRC Transmark Holdings UK Limited, MRC Transmark Limited, MRC Transmark (Dragon) Limited and MRC SPF Scanfit Limited, as UK Borrowers, any other Borrower party thereto from time to time and certain Persons party thereto from time to time as Guarantors, certain financial institutions, as lenders, Bank of America, N.A., as Administrative Agent and Collateral Agent, and Barclays Bank PLC and Wells Fargo Capital Finance LLC, as Co-Syndication Agents (incorporated by reference to Exhibit 10.1 to Amendment No. 2 to the Registration Statement on Form S-1 of MRC Global Inc. (formerly known as McJunkin Red Man Holding Corporation) (No. 333-178980), filed with the SEC on March 28, 2012).
10.2	Registration Rights Agreement between MRC Global Inc. and PVF Holding LLC, dated as of April 11, 2012.
10.2.1	Amendment No. 2 to the Amended and Restated Registration Rights Agreement, dated as of April 11, 2012, by and among MRC Global Inc, PVF Holdings LLC and the other parties thereto.
10.3	Form of Indemnification Agreement between MRC Global Inc. (formerly known as McJunkin Red Man Holding Corporation) and Directors (incorporated by reference to Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 of MRC Global Inc. (formerly known as McJunkin Red Man Holding Corporation) (No. 333-178980), filed with the SEC on March 6, 2012).
10.3.1	Form of Indemnification Agreement between MRC Global Inc. (formerly known as McJunkin Red Man Holding Corporation) and Executive Officers (incorporated by reference to Exhibit 10.4.1 to Amendment No. 1 to the Registration Statement on Form S-1 of MRC Global Inc. (formerly known as McJunkin Red Man Holding Corporation) (No. 333-178980), filed with the SEC on March 6, 2012).
10.4	Governance Agreement, by and between MRC Global Inc. and PVF Holdings LLC, dated as of April 11, 2012.
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MRC GLOBAL INC.

By: /s/ James E. Braun
James E. Braun

Executive Vice President and Chief Financial
Officer

Date: May 7, 2012

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Exhibit 10.2

Execution Version

REGISTRATION RIGHTS AGREEMENT

by and between

PVF HOLDINGS LLC

and

MRC GLOBAL INC.

Dated as of April 11, 2012

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This REGISTRATION RIGHTS AGREEMENT is made as of April 11, 2012, by and between MRC Global Inc., a Delaware corporation (the Company), and PVF Holdings LLC, a Delaware limited liability company (PVF).

WITNESSETH:

WHEREAS, the parties hereto wish to set forth certain rights and obligations with respect to the registration of the shares of common stock of the Company under the Securities Act; and

WHEREAS, the parties hereto are entering into this agreement in accordance with the terms of Section 12.9(c) of the Amended and Restated Limited Liability Company Agreement of PVF, dated as of October 31, 2007, as amended (the LLC Agreement).

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree as follows:

1. Certain Definitions. As used herein, the following terms shall have the following meanings:

Additional Piggyback Rights has the meaning set forth in Section 2.2(b).

Affiliate means, with respect to any Person, any other Person controlling, controlled by or under common control with such particular Person, where control means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise; provided, however, that, for purposes hereof, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

Agreement means this Registration Rights Agreement, as this agreement may be amended, modified, supplemented or restated from time to time after the date hereof.

automatic shelf registration statement has the meaning set forth in Section 2.4.

Board means the Board of Directors of the Company.

Business Day shall mean any day ending at 11:59 p.m. (Eastern Time) other than a Saturday or Sunday or a day on which banks are required or authorized to close in the City of New York.

Claims has the meaning set forth in Section 2.9(a).

Common Equity means the common equity securities of the Company and any and all securities of any kind whatsoever of the Company which may be issued after the date hereof in respect of, or in exchange for, such shares of common stock of the Company pursuant to a merger, consolidation, stock split, stock dividend or recapitalization of the Company or otherwise.

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Common Equity Equivalents means all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject) shares of Common Equity or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Common Equity or other equity securities of the Company).

Company has the meaning set forth in the preamble.

Demand Exercise Notice has the meaning set forth in Section 2.1(a)(i).

Demand Registration has the meaning set forth in Section 2.1(a)(i).

Demand Registration Request has the meaning set forth in Section 2.1(a)(i).

Exchange Act means the Securities Exchange Act of 1934, as amended.

Expenses means any and all fees and expenses incident to the Company's performance of or compliance with Article 2, including, without limitation: (i) SEC, stock exchange or FINRA registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the New York Stock Exchange or on any other securities market on which the Common Equity is listed or quoted, (ii) fees and expenses of compliance with state securities or blue sky laws and in connection with the preparation of a blue sky survey, including, without limitation, reasonable fees and expenses of outside blue sky counsel, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration, the fees and disbursements of one counsel for the Participating Holder(s) (selected by the Majority Participating Holders), (viii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or cold comfort letter and updates thereof) and fees and expenses of other Persons, including special experts, retained by the Company, (ix) fees and expenses payable to a Qualified Independent Underwriter, (x) any other fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities and (xi) expenses for securities law liability insurance and, if any, rating agency fees.

FINRA means the Financial Industry Regulatory Authority, Inc.

Holder or Holders means PVF, any Person who is a party to this Agreement or any transferee of Registrable Securities to whom any Person who is a party to this Agreement shall assign or transfer any rights hereunder, provided that such transferee has agreed in writing to be bound by this Agreement in respect of such Registrable Securities.

Initiating Holder has the meaning set forth in Section 2.1(a)(i).

IPO means the first underwritten public offering of the common stock of the Company to the general public pursuant to a registration statement filed with the SEC.

Litigation means any action, proceeding or investigation in any court or before any governmental authority.

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LLC Agreement has the meaning set forth in the Recitals.

Majority Participating Holders means Participating Holders holding more than 50% of the Registrable Securities proposed to be included in any offering of Registrable Securities by such Participating Holders pursuant to Section 2.1 or Section 2.2.

Manager has the meaning set forth in Section 2.1(c).

Participating Holders means all Holders of Registrable Securities which are proposed to be included in any offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

Partner Distribution has the meaning set forth in Section 2.1(a)(iii).

Person means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, governmental entity or agency or other entity of any kind or nature.

Piggyback Shares has the meaning set forth in Section 2.3(a)(iii).

Postponement Period has the meaning set forth in Section 2.1(b).

PVF has the meaning set forth in the preamble.

PVF Distribution Date means the date on which all of the shares of Common Equity held by PVF have been distributed or otherwise transferred to the holders of equity interests in PVF.

Qualified Independent Underwriter means a qualified independent underwriter within the meaning of FINRA Rule 5121.

Registrable Securities means (a) any shares of Common Equity held by the Holders at any time (including those held as a result of the conversion or exercise of Common Equity Equivalents) and (b) any shares of Common Equity issued or issuable, directly or indirectly in exchange for or with respect to the Common Equity referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, share exchange, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (B) such securities shall have been sold (other than in a privately negotiated sale) in compliance with the requirements of Rule 144 under the Securities Act, as such Rule 144 may be amended (or any successor provision thereto).

Rule 144 and Rule 144A have the meaning set forth in Section 4.3.

SEC means the Securities and Exchange Commission.

Section 2.3(a) Sale Number has the meaning set forth in Section 2.3(a).

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Section 2.3(b) Sale Number has the meaning set forth in Section 2.3(b).

Section 2.3(c) Sale Number has the meaning set forth in Section 2.3(c).

Securities Act means the Securities Act of 1933, as amended.

Valid Business Reason has the meaning set forth in Section 2.1(b).

WKSI has the meaning set forth in Section 2.4.

2. Registration Rights.

2.1. Demand Registrations.

(a) (i) Subject to Sections 2.1(b) and 2.3, at any time and from time to time after the closing of the IPO, PVF shall have the right to require the Company to file one or more registration statements under the Securities Act covering all or any part of its Registrable Securities by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. Any such request by PVF pursuant to this Section 2.1(a)(i) is referred to herein as a Demand Registration Request, and the registration so requested is referred to herein as a Demand Registration (with respect to any Demand Registration, PVF shall be referred to herein as the Initiating Holder). As promptly as practicable, but no later than five (5) Business Days after receipt of a Demand Registration Request, the Company shall give written notice (the Demand Exercise Notice) of such Demand Registration Request to all other Holders of record of Registrable Securities, if any.

(ii) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration () the Registrable Securities of the Initiating Holder and () the Registrable Securities of any other Holder of Registrable Securities, if any, which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2 (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Participating Holder) within twenty (20) days after the receipt of the Demand Exercise Notice (or fifteen (15) days if, at the request of the Initiating Holder, the Company states in such written notice or gives telephonic notice to all Holders, with written confirmation to follow promptly thereafter, that such registration will be on a Form S-3).

(iii) The Company shall, as expeditiously as possible, but subject to Section 2.1(b), use its reasonable best efforts to () effect such registration under the Securities Act (including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such a registration) of the Registrable Securities which the Company has been so requested to register, for distribution in accordance with such intended method of distribution, including a distribution to, and resale by, the members or partners of a Holder (a Partner Distribution) and () if requested by PVF, obtain acceleration of the effective date of the registration statement relating to such registration.

(iv) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder seeking to effect a Partner Distribution, file any prospectus

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supplement or post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holder if such disclosure or language was not included in the initial registration statement, or revise such disclosure or language if deemed necessary or advisable by such Holder, to effect such Partner Distribution.

(v) Notwithstanding anything to the contrary in this Section 2.1(a), PVF shall have the right to require the Company to include all or part of its Registrable Securities in the registration statement filed in connection with the IPO. PVF may make the request referred to in this Section 2.1(a)(v) at any time prior to such registration statement being declared effective by the SEC by providing written notice of such request to the Company, which notice shall include the number of Registrable Securities to be included in such Registration Statement. Any such request made pursuant to this Section 2.1(a)(v) shall be treated in the same manner as a Demand Registration made hereunder, and PVF shall be entitled to all the benefits and protections of this Agreement, including but not limited to, Section 2.9 hereof, in connection with the registration of its Registrable Securities in the IPO pursuant to this Section 2.1(a)(v).

(b) Notwithstanding anything to the contrary in Section 2.1(a), the Demand Registration rights granted in Section 2.1(a) are subject to the following limitations: (i) the Company shall not be required to cause a registration pursuant to Section 2.1(a)(i) to be declared effective within a period of one hundred and eighty (180) days after the effective date of any other registration statement of the Company filed pursuant to the Securities Act; (ii) the Company shall not be required to effect more than six (6) Demand Registrations for PVF; and (iii) if the Board, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because it would materially interfere with any material financing, acquisition, corporate reorganization or merger or other transaction or event involving the Company or any of its subsidiaries (a Valid Business Reason), then (x) the Company may postpone filing a registration statement relating to a Demand Registration Request until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than three (3) months after the date the Board determines a Valid Business Reason exists and (y) in case a registration statement has been filed relating to a Demand Registration Request, if the Valid Business Reason has not resulted from actions taken by the Company, the Company may cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such registration statement until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than three (3) months after the date the Board determines a Valid Business Reason exists (such period of postponement or withdrawal under this clause (iii), the Postponement Period); and the Company shall give written notice of its determination to postpone or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, the Company shall not be permitted to postpone or withdraw a registration statement after the expiration of any Postponement Period until nine (9) months after the expiration of such Postponement Period.

If the Company shall give any notice of postponement or withdrawal of any registration statement pursuant to clause (iii) above, the Company shall not, during the period of postponement or withdrawal, register any Common Equity, other than pursuant to a registration

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statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to withdraw any registration statement pursuant to clause (iii) above, such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. If the Company shall have withdrawn or prematurely terminated a registration statement filed under Section 2.1(a)(i) (whether pursuant to clause (iii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected an effective registration for the purposes of this Agreement until the Company shall have filed a new registration statement covering the Registrable Securities covered by the withdrawn registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of withdrawal or postponement of a registration statement, the Company shall, not later than five (5) Business Days after the Valid Business Reason that caused such withdrawal or postponement no longer exists (but in no event later than three (3) months after the date of the postponement or withdrawal), use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with this Section 2.1 (unless the Initiating Holder shall have withdrawn such request, in which case the Company shall not be considered to have effected an effective registration for the purposes of this Agreement), and such registration shall not be withdrawn or postponed pursuant to clause (iii) of Section 2.1(b) above.

(c) In connection with any Demand Registration, the Company shall have the right to designate the lead managing underwriter (any lead managing underwriter for the purposes of this Agreement, the Manager) in connection with such registration and each other managing underwriter for such registration; provided that in each case, each such underwriter is reasonably satisfactory to PVF.

2.2. Piggyback Registrations.

(a) If, at any time after the IPO, the Company proposes or is required (pursuant to Section 2.1 or otherwise) to register any of its equity securities under the Securities Act (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto), the Company shall give prompt written notice (in any event within five (5) Business Days after receipt of notice of any exercise of demand registration rights by any Person) of its intention to do so to each of the Holders of record of Registrable Securities. Upon the written request of any such Holder, made within twenty (20) days following the receipt of any such written notice (or fifteen (15) days if the Company states that such registration will be on a Form S-3) (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(c), 2.3 and 2.6 hereof, use its reasonable best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of

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distribution thereof, which may include a Partner Distribution) of the Registrable Securities to be so registered, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related thereto pursuant to a Form 8-K. There is no limitation on the number of such piggyback registrations pursuant to the preceding sentence which the Company is obligated to effect. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof.

(b) The Company, subject to Sections 2.3 and 2.6, may elect to include in any registration statement and offering pursuant to demand registration rights by any Person, (i) authorized but unissued shares of Common Equity or shares of Common Equity held by the Company as treasury shares and (ii) any other shares of Common Equity which are requested to be included in such registration pursuant to the exercise of piggyback registration rights granted by the Company after the date hereof and which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement (Additional Piggyback Rights); provided, however, that such inclusion shall be permitted only to the extent that it is pursuant to, and subject to, the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holder.

(c) If, at any time after giving written notice of its intention to register any equity securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (ii) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, a Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

(e) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder (including to effect a Partner Distribution), file any prospectus supplement or post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holder if such disclosure or language was not included in the initial registration statement, or revise such disclosure or language if deemed necessary or advisable by such Holder.

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2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration made pursuant to Section 2.1 involves an underwritten offering and the Manager of such offering shall advise the Company that, in its view, the number of securities requested to be included in such registration by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the Section 2.3(a) Sale Number) that can be sold in an orderly manner in such registration within a price range acceptable to the Majority Participating Holders, the Company shall use its reasonable best efforts to include in such registration:

(i) first, all Registrable Securities requested to be included in such registration by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant to Section 2.2); provided, however, that if the number of such Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the number of Registrable Securities owned by all Holders requesting inclusion;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register, up to the Section 2.3(a) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights (Piggyback Shares), based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

Notwithstanding anything in this Section 2.3(a) to the contrary, no employee shareholder of the Company will be entitled to include Registrable Securities in a registration requested by PVF pursuant to Section 2.1 to the extent the Manager of such offering shall determine in good faith that the participation of such employee shareholder would adversely affect the marketability of the securities being sold by the Initiating Holder in such registration.

(b) If any registration made pursuant to Section 2.2 involves an underwritten primary offering on behalf of the Company after the date hereof and the Manager (as selected by the Company) shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the Section 2.3(b) Sale Number) that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all equity securities that the Company proposes to register for its own account;

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(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration pursuant to the exercise of piggyback rights pursuant to Section 2.2, based on the aggregate number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion, up to the Section 2.3(b) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially requested by any Person(s) other than a Holder to whom the Company has granted registration rights which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement and the Manager (as selected by the Company or such other Person) shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the Section 2.3(c) Sale Number) that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, the shares requested to be included in such registration shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such registration pursuant to the exercise of piggyback rights pursuant to Section 2.2, based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Holders and Persons requesting inclusion, up to the Section 2.3(c) Sale Number;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and

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(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated to shares the Company proposes to register for its own account, up to the Section 2.3(c) Sale Number.

(d) If, as a result of the proration provisions set forth in clauses (a), (b) or (c) of this Section 2.3, any Holder shall not be entitled to include all Registrable Securities in a registration that such Holder has requested be included, such Holder may elect to withdraw such Holder's request to include Registrable Securities in such registration or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (y) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its reasonable best efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company shall, as expeditiously as possible (but, in any event, within sixty (60) days after a Demand Registration Request in the case of Section 2.4(a) below):

(a) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable Securities in accordance with the intended method of disposition thereof (including, without limitation, a Partner Distribution), which registration form (i) shall be selected by the Company and (ii) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective for such period as any Participating Holder pursuant to such registration statement shall request (provided, however, that before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state blue sky laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to one counsel for the Holders participating in the planned offering (selected by the Majority Participating Holders) and to one counsel for the Manager, if any, copies of all such documents proposed to be filed (including all exhibits thereto), which documents will be subject to the reasonable review and reasonable comment of such counsel, and the Company shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which the Majority Participating Holders or the underwriters, if any, shall reasonably object);

(b) (i) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement continuously effective for such period as any Participating Holder pursuant to such registration statement shall request and to comply with the provisions of

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the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) provide notice to such sellers of Registrable Securities and the Manager, if any, of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(c) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, each free writing prospectus utilized in connection therewith, in each case, in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable law of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Participating Holder and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any

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free writing prospectus or the information conveyed to any purchaser at the time of sale to such purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading; and (vi) if at any time the representations and warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct in all material respects; and, if the notification relates to an event described in clause (v), the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve month period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) (A) cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (B) if no similar securities are then so listed, to cause all such Registrable Securities to be listed on a national securities exchange and, without limiting the generality of the foregoing, take all actions that may be required by the Company as the issuer of such Registrable Securities in order to facilitate the managing underwriter's arranging for the registration of at least two market makers as such with respect to such shares with FINRA, and (ii) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(h) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Majority Participating Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (it being understood that the Holders of the Registrable Securities which are to be distributed by any underwriters shall be parties to any such underwriting agreement and may, at their option, require that the Company make to and for the benefit of such Holders the representations, warranties and covenants of the Company which are being made to and for the benefit of such underwriters);

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(j) use its reasonable best efforts (i) to obtain an opinion from the Company's counsel and a cold comfort letter and updates thereof from the Company's independent public accountants who have certified the Company's financial statements included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and cold comfort letters (including, in the case of such cold comfort letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinion and letter shall be dated the dates such opinions and cold comfort letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and to the Majority Participating Holders, and (ii) furnish to each Holder participating in the offering and to each underwriter, if any, a copy of such opinion and letter;

(k) deliver promptly to counsel for each Participating Holder and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for each Participating Holder, by counsel for any underwriter, participating in any disposition to be effected pursuant to such registration statement and by any accountant or other agent retained by any Participating Holder or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for a Participating Holder, counsel for an underwriter, accountant or agent in connection with such registration statement;

(l) use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness of the registration statement, or the prompt lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction;

(m) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement;

(n) use its reasonable best efforts to make available its employees and personnel for participation in road shows and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company's businesses and the requirements of the marketing process) in marketing the Registrable Securities in any underwritten offering;

(o) prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing of such registration statement), and prior to the filing of any free writing prospectus, provide copies of such document to counsel for each Participating Holder and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the Participating Holders prior to the filing thereof as counsel for the Participating Holders or underwriters may reasonably request;

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(p) furnish to counsel for each Participating Holder and to each managing underwriter, without charge, at least one signed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(q) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least three (3) Business Days prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least three (3) Business Days prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof;

(r) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary and feasible to make any such prohibition inapplicable;

(s) use its reasonable best efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Participating Holders or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(t) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

(u) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(v) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in light of the circumstances, be misleading.

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To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a WKSI) at the time any Demand Registration Request is submitted to the Company, and such Demand Registration Request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an automatic shelf registration statement) on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be registered. The Company shall use its commercially reasonable best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective. If the Company does not pay the filing fee covering the Registrable Securities at the time the automatic shelf registration statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold. If the automatic shelf registration statement has been outstanding for at least three (3) years, at the end of the third year the Company shall refile a new automatic shelf registration statement covering the Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its commercially reasonable best efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

The Company may require as a condition precedent to the Company's obligations under this Section 2.4 that each Participating Holder as to which any registration is being effected furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request provided that such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration.

Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable

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period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each Participating Holder covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4.

If any such registration statement or comparable statement under state "blue sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not in the judgment of the Company, as advised by counsel, required by the Securities Act or any similar federal statute or any state "blue sky" or securities law then in force, the deletion of the reference to such Holder.

2.5. Registration Expenses.

(a) The Company shall pay all Expenses with respect to any registration of Registrable Securities pursuant to this Article 2, whether or not a registration statement becomes effective.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with state "blue sky" laws of each state in which the offering is made and (y) in connection with any registration hereunder, each Participating Holder shall pay all underwriting discounts and commissions and any transfer taxes, if any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Participating Holder.

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 pursuant to an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection therewith, all securities to be included in such registration shall be subject to such underwriting agreement and no Person may participate in such registration unless such Person (i) agrees to sell such Person's securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney) which must be executed in connection therewith; provided, however, that all such documents shall be consistent with the provisions hereof and (ii) provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7. Limitations on Sale or Distribution of Other Securities.

(a) Each Holder agrees, (i) to the extent requested in writing by a managing underwriter, if any, of any registration effected pursuant to Section 2.1, not to sell, transfer or

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otherwise dispose of, including any sale pursuant to Rule 144 under the Securities Act, any Common Equity, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed ninety (90) days plus an extension period, which shall be no longer than 17 days, as may be reasonably requested by the managing underwriter to address FINRA regulations regarding the publishing of research, or such shorter period as the Company or any executive officer or director of the Company shall agree to (and the Company hereby also so agrees (except that the Company may effect any sale or distribution of any such securities pursuant to a registration on Form S-4 (if reasonably acceptable to such managing underwriter) or Form S-8, or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Common Equity Equivalent), to use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering so to agree), and (ii) to the extent requested in writing by a managing underwriter of any underwritten public offering effected by the Company for its own account, not to sell any Common Equity (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed ninety (90) days plus an extension period, which shall be no longer than 17 days, as may be reasonably requested by the managing underwriter to address FINRA regulations regarding the publishing of research, or such shorter period as the Company or any executive officer or director of the Company shall agree to.

(b) The Company hereby agrees that, if it shall previously have received a request for registration pursuant to Section 2.1 or 2.2, and if such previous registration shall not have been withdrawn or abandoned, the Company shall not sell, transfer, or otherwise dispose of, any Common Equity, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Common Equity Equivalent), until a period of ninety (90) days plus an extension period, which shall be no longer than 17 days, as may be reasonably requested by the managing underwriter to address FINRA regulations regarding the publishing of research, shall have elapsed from the effective date of such previous registration; and the Company shall (i) so provide in any registration rights agreements hereafter entered into with respect to any of its securities and (ii) use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering to so agree.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement.

2.9. Indemnification.

(a) In the event of any registration of any securities of the Company under the Securities Act pursuant to this Article 2, the Company will, and hereby agrees to, and hereby

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does, indemnify and hold harmless, to the fullest extent permitted by law, each Participating Holder, its directors, officers, fiduciaries, employees, stockholders, members or general and limited partners (and the directors, officers, fiduciaries, employees, stockholders, members or general and limited partners thereof), each other Person who participates as a seller (and its directors, officers, fiduciaries, employees, stockholders, members or general and limited partners), underwriter or Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, fiduciary, managing director, agent, affiliate, consultant, representative, successor, assign or partner of such underwriter or Qualified Independent Underwriter, and each other Person, if any, who controls such seller or any such underwriter or Qualified Independent Underwriter within the meaning of the Securities Act, from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, Claims), insofar as such Claims arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or (iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, and the Company will reimburse any such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus or free writing prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder (and, if the Company requires as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 2.1 or 2.2, any underwriter and Qualified Independent Underwriter, if any) shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same

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extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers and directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their directors, officers, stockholders, fiduciaries, managing directors, agents, affiliates, consultants, representatives, successors, assigns or general and limited partners and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder or underwriter or Qualified Independent Underwriter, if any, specifically for use therein and reimburse such indemnified party for any legal or other expenses reasonably incurred in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9(b) and Sections 2.9(c) and (e) shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto or any free writing prospectus are statements specifically relating to (a) the beneficial ownership of shares of Common Equity by such Participating Holder and its Affiliates and (b) the name and address of such Participating Holder. If any additional information about such Holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such Holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state blue sky laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under this Article 2. In case any action or proceeding is brought against an indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to

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the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with those available to another indemnified party with respect to such Claim; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have made a conclusion described in clause (ii) or (iii) above) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable, unenforceable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in

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respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e)