

McJunkin Red Man Corp
Form 424B3
May 31, 2012

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 Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 31, 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 13 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 31, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: May 31, 2012

Date of earliest event reported: May 31, 2012

MRC GLOBAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

001-35479
(Commission

File Number)

20-5956993
(I.R.S. Employer

Identification Number)

Edgar Filing: McJunkin Red Man Corp - Form 424B3

2 Houston Center, 909 Fannin, Suite 3100,

Houston, TX 77010

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (877) 294-7574

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

MRC Global Inc. (MRC) executive management will make a presentation today to attendees of the KeyBanc Capital Markets Industrial, Automotive and Transportation Conference regarding, among other things, MRC s operations and performance. A copy of the materials to be used at the conference (the Presentation Materials) is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. The Presentation Materials, possibly with modifications, will also be used from time to time after May 31, 2012 in presentations about MRC s operations and performance to current and potential investors, lenders, creditors, insurers, vendors, customers, employees and others with an interest in MRC and its business.

The information contained in the Presentation Materials is summary information that should be considered in the context of MRC s filings with the Securities and Exchange Commission and other public announcements that MRC may make by press release or otherwise from time to time. The Presentation Materials speak as of the date of this Current Report on Form 8-K. While MRC may elect to update the Presentation Materials in the future or reflect events and circumstances occurring or existing after the date of this Current Report on Form 8-K, MRC specifically disclaims any obligation to do so. The Presentation Materials will also be posted in the Investor Relations section of MRC s website, <http://www.mrcpvf.com> for 90 days.

The information referenced under Item 7.01 (including Exhibit 99.1 referenced in the Item 9.01 below) of this Current Report on Form 8-K is being furnished under Item 7.01. Regulation FD Disclosure and, as such, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section. The information set forth in this Current Report on Form 8-K (including Exhibit 99.1 referenced in Item 9.01 below) shall not be incorporated by reference into any registration statement, report or other document filed by MRC pursuant to the Securities Act of 1933, as amended (the Securities Act), except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Presentation Materials, dated May 31, 2012

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 hereunto duly authorized.

Date: May 31, 2012

MRC GLOBAL INC.

By: /s/ James E. Braun
James E. Braun
Executive Vice President and Chief Financial
Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Presentation Materials, dated May 31, 2012

MRC Global Inc. // 2012 KeyBanc Capital Markets Conference
May 31, 2012
Exhibit 99.1

Page 2

MRC

//

Global

Supplier

of

Choice

®

®

Forward Looking Statements and GAAP

Disclaimer

This

presentation

contains

forward-looking

statements,

including,

for

example,

statements

about

the

Company's business

strategy, its industry, its future profitability, growth in the Company's various markets, the strength of future activity levels,

and the Company's expectations, beliefs, plans, strategies, objectives, prospects and assumptions. These forward-looking

statements are not guarantees of future performance. These statements involve known and unknown risks, uncertainties

and

other

factors

that

may

cause

the

Company's
actual
results
and
performance
to
be
materially
different
from
any future

results or performance expressed or implied by these forward-looking statements. For a discussion of key risk factors, please see the risk factors disclosed in the Company's registration statement on Form S-1 effective April 11, 2012, related to our common stock, and our Quarterly Statement on Form 10-Q for the quarter ended March 31, 2012, both of which are available on the SEC's website at www.sec.gov.

Undue reliance should not be placed on the Company's forward-looking statements. Although forward-looking statements reflect the Company's 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. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except to the extent required by law.

Statement Regarding use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (including, without limitation, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Return on Net Assets (RONA) and variations thereof) are not measures of financial performance calculated in accordance with GAAP and should not be considered as alternatives to net income (loss) or any other performance measure derived in accordance with GAAP or as alternatives to cash flows from operating activities

as
a
measure
of
our
liquidity.

They
should
be
viewed
in

addition to, and not as a substitute for, analysis of our results reported in accordance with GAAP, or as alternative measures of liquidity. Management believes that certain non-GAAP financial measures provide a view to measures similar to those used in evaluating our compliance with certain financial covenants under our credit facilities and provide financial statement users meaningful comparisons between current and prior year period results. They are also used as a metric to determine certain components of performance-based compensation. The adjustments and Adjusted EBITDA are based on currently available information and certain adjustments that we believe are reasonable and are presented as an aid in understanding our operating results. They are not necessarily indicative of future results of operations that may be obtained by the Company.

Page 3

®

MRC

//

Global
Supplier

of

Choice

®

Executive Management

Andrew Lane

Chairman, President & Chief Executive Officer

Former Executive VP and COO of Halliburton

Former CEO of Kellogg Brown & Root

Former CEO of Landmark Graphics

Jim Braun

Executive Vice President & Chief Financial Officer

Former CFO of Newpark Resources

Former CFO of Baker Oil Tools

CPA and Former Partner with Deloitte & Touche

Page 4

MRC

//

Global

Supplier

of

Choice

®

®

Investment Considerations

World-Class Management Team With Significant Distribution and Energy Experience

Clear Market Leader With Global Reach

Comprehensive Suite of Products and Services

Strong Long-Term Customer and Supplier Relationships

Scale and Reach Create Competitive Advantage

Robust Organic Growth Supported by Positive Secular Trends and Acquisition Opportunities

Operating leverage drives strong financial performance

Page 5
MRC
//
Global
Supplier
of
Choice

®

®

Company Snapshot

MRC by the numbers:

2011 Sales

\$4.8 B

Locations

410+

Countries

18

Customers

12,000+

Suppliers

12,000+

SKU s

150,000+

Employees

4,425

MRC is the largest global distributor of pipe, valves and fittings (PVF) to the energy industry.

MRC is the largest global distributor of pipe, valves and fittings (PVF) to the energy industry.

Upstream

Midstream

Downstream /

Industrial

Fittings

Line Pipe / OCTG

Flanges

Valves

Business Model

Product Categories

Industry Sector

Projects

34%

MRO

66%

U.S.

80%

Canada

13%

Intl

7%

Page 6
MRC
//
Global
Supplier
of
Choice
®
®

MRC History
Founded
1921
1989
Acquires
Appalachian
Pipe & Supply
2007
Goldman Sachs
Capital Partners
Strategic
Investment
1977
Founded
2005
Acquires
Midfield
Supply
2008
MRC
acquires
LaBarge
2007
Merger of
McJunkin
and Red Man
to form
MRC
2009
MRC opens
Houston HQ
2009
MRC
acquires
Transmark
2010
MRC
acquires
South
Texas
Supply
2010
MRC
acquires
Dresser
Oil Tools
2011
MRC
acquires
SPF

2011
MRC
acquires
VSC
2012
MRC
acquires
OneSteel
Piping
Systems
2012
MRC
Global
IPO;
begins
trading
on NYSE
VSC

Page 7
MRC
//
Global
Supplier
of
Choice

®

®

Business Model

Access to over 12,000+ customers worldwide

Manufacturing and scale efficiencies

Reduced administrative and selling costs

Demand visibility

Customer feedback

Access to over 12,000+ suppliers worldwide

Scale / supplier consolidation benefits

Efficiencies and inventory management

Trusted long-term partnerships

Seamless integration, customer
connectivity

MRC plays a critical role in the complex, technical, global energy supply chain

Suppliers

Customers

Supplier Benefits

Customer Benefits

Page 8
®
MRC
//
Global
Supplier
of

Choice

®

MRC Value Proposition

MRC's size and scale enable it to provide value-added services that create competitive advantages

Customer Need

MRC Value Add

1.

Product Availability

Broad product offering

Over \$1 billion in inventory

2.

Achieve Lowest Installed Cost

Volume purchasing

Global sourcing from 35 countries

3.

Outsource Non-core

Functions

Inventory management

Integrated supply service

4.

Ease of Doing Business

One-Stop Solution

Customized IT system interface

5.

Product Support

Technical support

Product specialists

6. Financial Stability

Fortune 500 company

Over \$4.8B sales

7. Quality Assurance

Manufacturer assessment & approved supplier list

Supplier

Registration

Process
(SRP)

Page 9
MRC
//
Global
Supplier
of
Choice

®

®

MRC Presence

By Geography

Note: Business mix based on 2011 sales

By Product Line

Diversified by geography, sector, and product line

By Industry Sector

Rest of

World

7%

OCTG

17%

Line

Pipe

21%

Valves

24%

Fittings

&

Flanges

18%

Other

20%

Page 10
MRC
//
Global
Supplier
of
Choice

®

®

North America

Well positioned to capitalize on shale, heavy oil and oil sands activity.

Infrastructure

Strong North American

175+ Branches

150+ pipe yards

7 DCs

12 Valve Automation Centers

Page 11
MRC
//
Global
Supplier
of
Choice

®

®

International

International E&P spending forecast to grow 12% in 2012*

Expanding International Presence

* Barclays Equity Research

MRC Branches / Locations

Regional Distribution Centers

40+ branches

DCs in UK, Singapore and Australia

11 valve automation centers

Page 12
MRC
//
Global
Supplier
of
Choice
®
®
Positive Trends
12

Strong Growth in Global
E&P Spending

1

Source: Barclays 2012 E&P Spending Outlook Mid Year Update.

2

Source: Barclays 2012 E&P Spending Outlook Mid Year Update.

3

Source: Pipeline Safety and Hazardous Materials Administration, Wall Street Journal, for Top 10 states by pipeline mileage

4

Source: Industrial Info Resource, Inc. Based on quarterly average planned unit outages.

Aging Infrastructure and New Legislation
To Drive Pipeline Replacement

444

548

688

1,193

1,126

2009A

2010A

2011E

2012E

2013E

WTI Prices and Global E&P

Spending Continue Upward Trend

Actual

Estimates

U.S. Refining Turnaround Activity

Poised for Growth

4

Built After

1970

37%

Built

Before

1970

63%

0

100,000

200,000

300,000

400,000

600,000

700,000

800,000

900,000

2005

2006

2007

2008

2009

2010
2011
2012
2013
2014
2015
500,000

-
100%
0%
100%
200%
300%
400%
500%
600%
700%
800%

1995
2000
2005
2010
2015E
2020E

Inflation Adjusted WTI Prices (indexed)

Global E&P Spending (indexed)

1
2
3

United States

Canada

Outside North America

Page 13
MRC
//
Global
Supplier
of
Choice

®

®

Changing PVF Distribution Landscape
Decentralized
Procurement

PVF purchasing
handled locally

Facility-by-facility
basis

Separate contracts
by product class:

Pipe

Valves

Fittings

Flanges

Supplies
Centralized
Procurement

Purchasing more
consolidated

Contracts by stream :

National purchasing

Contracts cover all PVF

Customers seek
vendors with size/scale
Global

Far more consolidated

Global up / mid /
downstream PVF contracts

National Oil Companies
adopting distribution model
Today

10
15 Years Ago

Next 5 to 10 Years

Consolidating energy industry benefits global players

Up

Mid

Down

Page 14
MRC
//
Global
Supplier
of
Choice
®
®

Increasing Shareholder Value
Growth
Efficiency / Profitability
Increase Capital
Investment
Increase Returns on
New Capital
Increase Profits on
Existing Capital
Optimize Cost of
Capital
Organic Growth

North American
shale

Unconventional
shale drilling

Midstream growth

Downstream
turnaround activity

Improve
purchasing

Optimize inventory
mix

Global sourcing

Focus on higher
margin products

Leverage fixed
costs

Improve working
capital efficiency

Maintain leverage
at 2.0x
3.0x

Reduce overall
cost of debt
Acquisitions

International product line extensions

Valve & actuation

North American tuck-ins

Revenue Growth: Target 10% to 12% per year

Organic:

8% to 9%

Acquisitions:

2% to 3%

Projected Adjusted EBITDA margins

8.0 to 8.5% near term

9.0 to 9.5% mid term

10% 5 years

Page 15
MRC
//
Global
Supplier
of
Choice

®

®

Unconventional Drilling Opportunity

Legacy Basins

Shale Plays

Representative area

Permian

Bakersfield (Monterey)

Marcellus

Bakken

Eagle Ford

Utica

Barnett

Haynesville

Utica

Niobrara

Age

50 to 100 years

1 to 10 years

Primary resources

Oil and Gas

Oil, wet gas and dry gas

Drilling method

Vertical

Horizontal

Horizontal drilling with hydraulic

fracturing fracking

Typical environment

Shallow well;

typically low

pressure

Up to 3-5x the

pipe

requirements of

a vertical well

Deeper wells

Higher pressure

Higher volumes

Existing infrastructure

Mature

Requires

upgrading

Non existent, new or under

construction

PVF spend vs.

traditional non-shale

3

5x

Wellhead only

Total spend

3

5x

5

10x

Unconventional shale drilling is driving higher PVF spend

Page 16
MRC
//
Global
Supplier
of
Choice

®

®

Track Record of Successful M&A

1

Reflects
reported
revenues

for
the
year
of

acquisition

(US\$ in millions)

MRC has completed and successfully acquired \$879 million of revenues since mid 2008

Current M&A Focus

International expansion

North America expansion

Valve and automation

Bolt-ons

Page 17
MRC
//
Global
Supplier
of
Choice

®

®

Financial Trends

Sales

Adjusted Gross Profit and % Margin

Source: Company management

RONA calculation = Adjusted EBITDA divided by the sum of accounts receivable, inventory (plus the LIFO reserve), and PP&E

Adjusted EBITDA and % Margin

Return on Net Assets (RONA)

Strong growth and increasing profitability

Y-o-Y Growth

26%

39%

Y-o-Y Growth

26%

39%

Y-o-Y Growth

61%

92%

5.8%

7.5%

6.1%

8.3%

(US\$ in millions)

\$3,846

\$4,832

\$992

\$1,383

2010

2011

1Q2011

1Q2012

19.6%

24.1%

20.4%

28.2%

\$224

\$361

\$60

\$115

\$663

\$850

\$174

\$260

17.2%

17.6%

17.5%

18.8%

Page 18

First Quarter Update

18

In millions, except per share data

1

As of May 31, 2012

First Quarter

Full

Year

2012

Outlook

1
2012
2011
Sales
1,383
\$
992
\$
Sales
\$5.4 to \$5.6 billion
Cost of sales
1,146
845
Adjusted EBITDA %
8.0% to 8.5% of sales
Gross profit
237
147
SG&A
146
117
Operating income
90
30
Net income
38
\$
(1)
\$
EPS
0.44
\$
(0.01)
\$
Adjusted EBITDA
115
\$
60
\$
Adjusted EBITDA %
8.3%
6.0%

First Quarter 2012 versus First Quarter 2011

Revenues: Up 39%

Double digit growth rates in each of upstream,
midstream and downstream and industrial sectors

Adjusted EBITDA: Up 92%

MRC
//
Global
Supplier
of
Choice
®
®

Page 19

MRC

//

Global
Supplier

of

Choice

®

®

Capital Structure

19

Pro forma for IPO with net proceeds of \$334 million used to repay debt

New multi-currency Global ABL facility

ABL / HY bond ensures capital structure flexibility given absence of maintenance covenants
(\$ in millions)

Pro Forma

3/31/2012

Cash and equivalents

59

\$

\$1.25 billion MRC Global ABL credit facility (2017)

237

\$

9.5% senior secured notes, net of discount (2016)

1,033

Other

8

Total debt

1,278

\$

Stockholders' equity

1,099

\$

Total capitalization

2,377

\$

March 2012 TTM Adjusted EBITDA

415

\$

Total debt/Adjusted EBITDA

3.1x

Net debt/Adjusted EBITDA

2.9x

Page 20
MRC
//
Global
Supplier
of
Choice
®
®
THANK YOU!

Page 21

MRC

//

Global

Supplier

of

Choice

®

®

Appendix

First Quarter 2012 financial statements

Management Biographies

Page 22

MRC

//

Global

Supplier

of

Choice

®

®

Appendix

*In April 2012, MRC Global issued 17.0 million shares of common stock as part of its initial public offering, resulting in a total of 17.0 million shares outstanding post transaction

MRC Global Inc.

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in thousands, except per share amounts)

Three Months Ended

March 31,
 March 31,
 2012
 2011
 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 (l
 oss) before income taxes
 58,647
 (1,818)
 Income tax
 expense
 (benefit)
 21,113
 (690)
 Net income
 (loss)
 \$
 37,534

\$
(1,128)
Effective tax rate
36.0%
38.0%
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

Page 23

MRC

//

®

®

Appendix

MRC Global Inc.

Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands)

March 31,
 December 31,
 March 31,
 2012
 2011
 2011
 Assets
 Current assets:
 Cash
 \$
 58,833
 \$
 46,127
 \$
 42,080
 Accounts receivables, net
 871,227
 791,280
 594,892
 Inventories, net
 1,022,851
 899,064
 783,554
 Other current assets
 17,598
 11,437
 39,554
 Total current assets
 1,970,509
 1,747,908
 1,460,080
 Other assets
 44,767
 39,212
 45,534
 Property, plant and equipment, net
 114,173
 107,430
 103,950
 Intangible assets:
 Goodwill
 568,811
 561,270
 551,720
 Other intangible assets, net
 780,198
 771,867
 808,220
 1,349,009
 1,333,137

1,359,940
\$
3,478,458
\$
3,227,687
\$
2,969,504
Liabilities and stockholders
equity
Current liabilities:
Trade accounts payable
\$
555,556
\$
479,584
\$
420,085
Accrued expenses and other current liabilities
142,500
108,973
106,909
Income taxes payable
26,133
11,950
-
Deferred revenue
2,440
4,450
14,026
Deferred income taxes
69,155
68,210
70,825
Total current liabilities
795,784
673,167
611,845
Long-term obligations:
Long-term debt, net
1,611,960
1,526,740
1,333,008
Deferred income taxes
287,585
288,985
302,274
Other liabilities
18,108
17,933
21,797

1,917,653
1,833,658
1,657,079
Stockholders
equity
765,021
720,862
700,580
\$
3,478,458
\$
3,227,687
\$
2,969,504

Page 24
MRC
//
Global
Supplier
of
Choice
®
®

Net proceeds (payments) on/from revolving credit facilities
 Appendix
 MRC Global Inc.
 Condensed Consolidated Balance Sheets (Unaudited)
 (Dollars in thousands)
 Three
 Months
 Ended
 March
 31,
 March
 31,
 2012
 2011
 Operating activities
 Net income (loss)
 \$
 37,534
 \$
 (1,128)
 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)
 700
 2,264
 Changes in operating assets and liabilities:

Accounts receivable
(44,150)
8,257
Inventories
(68,807)
(24,706)
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
18,315
5,812
Investing activities
Purchases of property, plant and equipment
(4,458)
(1,964)
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
(3,813)
2,830
Net cash (used in) provided by investing activities
(79,892)
11,939
Financing activities
114,146
(30,830)
(31,456)
-
Debt issuance costs paid
(7,099)
-
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
Proceeds from the disposition of property, plant and equipment
Other investment and notes receivable transactions
Non-operating losses and other items not using cash
Adjustments to reconcile net income (loss) to net cash provided by operations:
Income taxes payable
Net cash provided by operations
Payments on long-term obligations
Net cash provided by (used in) financing activities

Page 25
MRC
//
Global
Supplier
of
Choice
®
®
Appendix
MRC Global Inc.
Supplemental Information (Unaudited)
Calculation of Adjusted EBITDA
(Dollars in millions)
Three Months Ended
March 31,

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

Note

to

above:

Adjusted EBITDA consists of net income plus interest, income taxes, depreciation and amortization, amortization of intangible other non-recurring,

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 costing methodology. The Company has inc

Facility

and provides investors a helpful measure for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates.

Adjusted

EBITDA

as

a

supplemental

disclosure

because

we

believe

Adjusted

EBITDA

is

an

important

measure

under

its

Global

ABL

Page 26

MRC

//

Global

Supplier

of

Choice

®

®

Appendix

Andy

Lane

Chairman, President & CEO

Andrew Lane has served as our president and chief executive officer since September 2008. Andrew became the chairman of the Board of Directors in September 2009. He has also served as a director of our company since September 2008. From December 2004 to December 2007, he served as president and chief operating officer of Halliburton Company, where he was responsible for Halliburton's overall operational performance of 50,000 employees worldwide and oversaw several mergers and acquisitions integrations. Prior to that, he held a variety of leadership positions at Halliburton,

serving

as

president

and

chief

executive

officer

of

Kellogg Brown & Root, Inc. from July 2004 to November 2004, as senior vice president,

global operations of Halliburton Energy Services Group from April 2004 to July 2004, as president of the Landmark Division of Halliburton Energy Services Group

from

May

2003

to

March

2004,

and

as

president

and

chief

executive

officer

of

Landmark

Graphics
Corporation
from
April
2002
to
April 2003. He
was
also
chief
operating
officer
of
Landmark
Graphics
from
January
2002
to
March
2002
and
vice
president,
production
enhancement
PSL,
completion
products
PSL
and
tools/testing/TCP
of
Halliburton
Energy
Services
Group
from
January
2000
to
December
2001.
Mr.
Lane
also
served
as
a
director

of
KBR, Inc. from June 2006 to April 2007. He began his career in the oil and gas industry as a field engineer for Gulf Oil Corporation. He worked as a production engineer in Gulf Oil's Pipeline Design and Permits Group.

Mr. Lane received a B.S. in mechanical engineering from Southern

Methodist University. He is a member of the executive board of the Southern Methodist University School of Engineering.

Jim Braun Executive VP & CFO

Jim Braun has served as our executive vice president and chief financial officer since November 2011. Prior to joining the company, he was chief financial officer of Newpark Resources, Inc.

He joined Newpark in 2006 where he led financial management and furthered the

execution
of
that
company's
strategic
business
plan
as
a
member
of
the
executive
team.

Newpark
provides
drilling
fluids
and
other
products
and
services
to
the
oil
and gas

exploration and production industry, both inside and outside of the U.S. Before joining Newpark, Mr. Braun was chief financial officer of one of the largest divisions of Baker Hughes Incorporated, a Fortune 500 provider of drilling, formation evaluation, completion and services to the worldwide oil and gas industry. In his role at Baker Oil Tools, he was responsible for the divisional financial management of the company including accounting, planning, internal controls, tax, IT, acquisitions and divestitures. From 1998 until 2002, he was chief financial officer, of Baker Petrolite, the oilfield specialty chemical business division of Baker Hughes. Previously, he served as vice president of Baker Hughes. Earlier in his career, he was a partner with Deloitte & Touche in Houston, Texas. Mr. Braun graduated from the University of Urbana-Champaign with a B.A. and is a certified public accountant.

Page 27

MRC

//

Global

Supplier

of

Choice

®

®

Appendix

Rory

Isaac

Executive VP Global Business Development

Rory M. Isaac has served as executive vice president business development at our company since December 2008. Prior to that

senior

corporate

vice

president

of

sales

(focusing

on

downstream,

industrials

and

gas

utilities

operations)

at

our

company

since

November

2007.

He

served

as

senior

corporate

vice

president

national

accounts

at

McJunkin
from
1995
to
2000
and
as
senior
corporate
vice
president
national
accounts,
utilities
and
marketing
at
McJunkin
from
2000
to
2007.

Mr. Isaac joined McJunkin in 1981. He has extensive experience in sales, customer relations and management and has served at McJunkin as a branch manager, regional manager and regional vice president. He began working in the corporate office of McJunkin in Charleston, West Virginia as senior vice president for national accounts, where he was responsible for managing and growing McJunkin's national accounts customer base and directing business development efforts in supply markets. In

1999

he

took

on

the

additional

responsibility

of

growing

McJunkin's

market

share

in

key

initiative

areas

including

gas

products

and marketing McJunkin's capabilities. Prior to joining McJunkin, Mr. Isaac worked at Consolidated Services, Inc. and Charles

Mr. Isaac attended the Citadel.

Jim

Underhill

Executive VP & Chief Operating Officer (COO) North America

James F. Underhill has served as our executive vice president and chief operating officer of our company since November 2011

executive vice president and chief financial officer from November 2007 through November 2011. At McJunkin, he served as

May 2006 through October 2007, as senior vice president of accounting and information services from 1994 to May 2006, and

controller from 1987 to 1994. Prior to 1987, Mr. Underhill served as controller, assistant controller, and corporate accounting manager

joined McJunkin in 1980 and has since overseen McJunkin's accounting, information systems, and mergers and acquisitions activities

involved

in

numerous

implementations

of

electronic

customer

solutions

and

has

had

primary

responsibility

for

the

acquisition

and

integration

of

more

than 30 businesses. Mr. Underhill was also project manager for the design, development, and implementation of McJunkin's ERP

He
received
a
B.A.
in
accounting
and
economics
from
Lehigh
University
in
1977
and
is
a
certified
public
accountant.
Prior
to
joining
McJunkin,
Mr.

Underhill worked in the New York City office of the accounting firm of Main Hurdman.

Dan Churay

Executive VP Corporate Affairs, General Counsel & Corporate Secretary

Daniel J. Churay has served as our executive vice president and general counsel since August 2011. Prior to joining the company, Mr. Churay served as president and chief executive officer of Rex Energy Corporation, an independent oil and gas company, from December 2010 to December 2011. From 2002 to December 2010, Mr. Churay served as executive vice president, general counsel and secretary of YRC Worldwide Inc., a global transportation and logistics company, with primary responsibility for YRC Worldwide Inc.'s legal, risk, compliance and external affairs matters. From 1995 to 2002, Mr. Churay served as the deputy general counsel and assistant secretary of Baker Hughes Incorporated, a global energy services company that provides products and services to the petroleum and continuous process industries, where he was responsible for corporate acquisitions, divestitures, treasury matters and securities offerings. From 1989 to 1995, Mr. Churay was an attorney at the law firm of Baker Hughes LLP in Houston, Texas. Mr. Churay received a bachelor's degree in economics from the University of Texas and a Juris Doctor from the University of Houston Law Center, where he was a member of the law review.

Page 28

MRC

//

Global

Supplier

of

Choice

®

®

Appendix

Scott

Hutchinson

Executive VP North America Operations

Scott Hutchinson has served MRC as our executive vice president North America operations since November 2009. Mr. Hutch

with MRC as an outside sales representative for Grant Supply in Houston, TX when the company was acquired by McJunkin C

he was

promoted

to

regional

manager

of

Northern

and

Southern

California.

He

was

promoted

to

senior

vice

president

of

the

Midwest

region

in

October

1998.

During

this

time

he

was

key
in
the
acquisitions
of
Wilkins
Supply,
Joliet
Valve,
Cigma
and
Valvax,
solidifying
and
expanding
the
market
reach
of
the company in the Midwest. On January 1, 2009, his responsibility increased when he was promoted to senior vice president of
which
combined
the
Midwest
and
Eastern
regions,
covering
most
operational
units
east
of
the
Mississippi
River
including
the
Chicago
market.
On
June
1, 2009,
MRC
rolled
the
Appalachian
region
into
the

Eastern
region,
and
Mr.
Hutchinson
assumed
responsibility
for
those
upstream
operations
based in

the Appalachian basin. His extensive background in branch sales and operations was instrumental as he led a very effective international

MRC,
Mr.
Hutchinson
received
a
Bachelor
of
Arts
degree
in
Marketing
from
the
University
of
Central
Florida
in
1977.

Between
1979
and
1984
he
worked
for Fluor as a senior buyer, and then started work with Grant Supply in 1984.

Neil P.
Wagstaff

Executive VP International Operations

Neil P. Wagstaff has served as our executive vice president international operations and as chief executive officer of MRC Transmark from 2009. From July 2006 until November 2009, he served as group chief executive of Transmark Fcx Group B.V. where he was responsible for overall performance in 13 operating companies in Europe, Asia and Australia and overseeing a number of acquisitions and international operations. He has also held a variety of positions within Transmark Fcx, serving as a group divisional director from 2003, responsible for operations in Europe, Asia and Australia as managing director for the UK businesses. He was also sales and marketing director of Heaton Valves prior to the acquisition of Heaton Valves in 1996, as well as Sales and Marketing Director for Hattersley Heaton valves and Shipham Valves. He has extensive experience in international sales management and marketing having worked in the international arena since 1987. Mr. Wagstaff began his career in the valve industry in 1983.

when
he
studied
mechanical
engineering
at
the
Saunders
Valve
Company
and
developed
professionally
through
a
number
of
sales
management
positions. Educated at London Business School he is a chartered director and fellow of the UK Institute of Directors.

Gary
Ittner

Executive VP Global Supply Chain Management

Gary A. Ittner has served as our executive vice president and chief administrative officer since September 2010. Prior to that, he served as our executive vice president supply chain management from October 2008 and prior to that, he served as our senior corporate vice president supply chain management since November 2007. He has specific responsibility for the procurement of all industrial valves, automation and tubular products. Prior to November 2007, he served as senior corporate vice president of supply management at McJunkin since

Before
joining
the
Supply
Management
Group,

Mr.
Ittner
worked
in
various
field
positions
including
branch
manager,
regional
manager,
and
senior

regional vice president. He is a past chairman of the executive committee of the American Supply Association's Industrial Pipe Division. Ittner began working at McJunkin in 1971 following his freshman year at the University of Cincinnati and joined the company upon graduation in 1974.