McJunkin Red Man Corp
Form 424B3
August 15, 2011

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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-173037

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 11, 2011)

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 August 15,2011. This Prospectus Supplement is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, dated July 11, 2011, 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.

August 15, 2011

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

Or

o **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: 333-153091

McJUNKIN RED MAN HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**20-5956993**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2 Houston Center, 909 Fannin, Suite 3100 **Houston, Texas**	**77010**
(Address of Principal Executive Offices)	(Zip Code)

(877) 294-7574

(Registrant s Telephone Number, including Area 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 o No þ

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 þ No o

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

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

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

There is no public market for the Company s common stock. There were 168,836,000 shares of the registrant s common stock, par value $0.01 per share, issued and outstanding as of August 12, 2011.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

McJUNKIN RED MAN HOLDING CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Amounts in thousands, except per share amounts)

	June 30, 2011	December 31, 2010 *Note 1*
Assets		
Current assets:		
Cash	**$ 39,437**	$ 56,202
Accounts receivable, net	**708,563**	596,404
Inventories, net	**852,161**	765,367
Income taxes receivable	**29,504**	32,593
Other current assets	**13,312**	10,209
Total current assets	**1,642,977**	1,460,775
Other assets:		
Debt issuance costs, net	**28,294**	32,211
Assets held for sale	**1,790**	12,722
Other assets	**13,337**	14,212
	43,421	59,145
Fixed assets:		
Property, plant and equipment, net	**108,921**	104,725
Intangible assets:		
Goodwill	**561,783**	549,384
Other intangible assets, net	**800,197**	817,165
	1,361,980	1,366,549
	$ 3,157,299	$ 2,991,194

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CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2011	December 31, 2010 *Note 1*
Liabilities and stockholders equity		
Current liabilities:		
Trade accounts payable	**$ 492,700**	$ 426,632
Accrued expenses and other liabilities	**99,093**	102,807
Deferred revenue	**5,055**	18,140
Deferred income taxes	**70,877**	70,636
Total current liabilities	**667,725**	618,215
Long-term obligations:		
Long-term debt, net	**1,462,368**	1,360,241
Deferred income taxes	**298,847**	303,083
Other liabilities	**19,376**	19,897
	1,780,591	1,683,221
Stockholders equity:		
Common stock, $0.01 par value per share; 800,000 shares authorized; issued and outstanding June 2011 168,836, issued and outstanding December 2010 168,808	**1,688**	1,688
Preferred stock, $0.01 par value per share; 150,000 shares authorized; no shares issued and outstanding		
Additional paid-in capital	**1,276,161**	1,273,716
Retained (deficit)	**(562,240)**	(565,790)
Accumulated other comprehensive (loss)	**(6,626)**	(19,856)
	708,983	689,758
	$ 3,157,299	$ 2,991,194

See notes to condensed consolidated financial statements.

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McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Sales	**$ 1,168,039**	$ 926,905	**$ 2,159,852**	$ 1,785,187
Cost of sales	**995,341**	809,485	**1,840,188**	1,538,295
Gross margin	**172,698**	117,420	**319,664**	246,892
Selling, general and administrative expenses	**122,500**	110,115	**237,312**	218,203
Operating income	**50,198**	7,305	**82,352**	28,689
Other income (expense):				
Interest expense	**(34,524)**	(34,350)	**(68,024)**	(69,689)
Write off of debt issuance costs	**(9,450)**		**(9,450)**	
Change in fair value of derivative instruments	**1,624**	(1,558)	**3,492**	(5,621)
Other, net	**(695)**	1,273	**(3,035)**	913
	(43,045)	(34,635)	**(77,017)**	(74,397)
Income (Loss) before income taxes	**7,153**	(27,330)	**5,335**	(45,708)
Income tax expense (benefit)	**2,475**	(11,407)	**1,785**	(17,885)
Net income (loss)	**$ 4,678**	$ (15,923)	**$ 3,550**	$ (27,823)
Effective tax rate	**34.6%**	41.7%	**33.5%**	39.1%
Basic earnings (loss) per common share	**$ 0.03**	$ (0.09)	**$ 0.02**	$ (0.16)
Diluted earnings (loss) per common share	**$ 0.03**	$ (0.09)	**$ 0.02**	$ (0.16)
Weighted-average common shares, basic	**168,836**	168,735	**168,831**	168,745
Weighted-average common shares, diluted	**169,210**	168,735	**169,204**	168,745

See notes to condensed consolidated financial statements.

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McJUNKIN RED MAN HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)
(Amounts in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
Balance at December 31, 2009	168,735	$ 1,687	$ 1,269,772	$ (514,216)	$ (13,345)	$ 743,898
Net (loss)				(27,823)		(27,823)
Foreign currency translation					(24,184)	(24,184)
Pension adjustment					121	121
Net comprehensive (loss)						(51,886)
Restricted stock vested during period	31	1				1
Equity-based compensation expense			2,166			2,166
Balance at June 30, 2010	168,766	$ 1,688	$ 1,271,938	$ (542,039)	$ (37,408)	$ 694,179
Balance at December 31, 2010	168,808	$ 1,688	$ 1,273,716	$ (565,790)	$ (19,856)	$ 689,758
Net income				**3,550**		**3,550**
Foreign currency translation					**13,230**	**13,230**
Pension adjustment						
Net comprehensive income						**16,780**
Restricted stock vested during period	**28**					
Equity-based compensation expense			**2,442**			**2,442**
Exercise of stock options			**3**			**3**
Balance at June 30, 2011	**168,836**	**$ 1,688**	**$ 1,276,161**	**$ (562,240)**	**$ (6,626)**	**$ 708,983**

See notes to condensed consolidated financial statements

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

	Six Months Ended	
	June 30, 2011	June 30, 2010
Operating activities		
Net income (loss)	**$ 3,550**	$ (27,823)
Adjustments to reconcile net income (loss) to net cash used in operations:		
Depreciation and amortization expense	**8,165**	8,137
Amortization of intangibles	**25,068**	27,360
Equity-based compensation expense	**2,442**	2,166
Deferred income tax (benefit) expense	**(5,325)**	3,001
Amortization of debt issuance costs	**5,373**	5,878
Write off of debt issuance costs	**9,450**	
Increase in LIFO reserve	**27,700**	36,968
Change in fair value of derivative instruments	**(3,492)**	5,621
Hedge termination		(24,797)
Provision for uncollectible accounts	**315**	(2,044)
Write down of inventory		362
Nonoperating losses and other items not using cash	**1,148**	(1,148)
Changes in operating assets and liabilities:		
Accounts receivable	**(79,305)**	(43,561)
Inventories	**(73,137)**	(902)
Income taxes	**2,834**	(7,675)
Other current assets	**(1,511)**	(22)
Accounts payable	**39,654**	27,402
Deferred revenue	**(13,101)**	(3,057)
Accrued expenses and other current liabilities	**(7,184)**	(6,771)
Net cash used in operations	**(57,356)**	(905)
Investing activities		
Purchases of property, plant and equipment	**(5,318)**	(7,269)
Proceeds from the disposition of property, plant and equipment	**612**	987
Acquisition of The South Texas Supply Company, Inc., net of cash acquired of $781		(2,938)
Acquisition of Stainless Pipe and Fittings Australia Pty. Ltd., net of cash acquired of $1,900	**(35,305)**	
Proceeds from the sale of assets held for sale	**10,594**	6,825
Other investment and notes receivable transactions	**961**	(818)
Net cash used in investing activities	**(28,456)**	(3,213)
Financing activities		
Net advances from (payments on) revolving credit facilities	**77,676**	(49,762)
Proceeds from issuance of senior secured notes		47,897
Debt issuance costs paid	**(9,131)**	(1,660)
Proceeds from exercise of stock options	**3**	

Net cash provided by (used in) financing activities	**68,548**	(3,525)
(Decrease) in cash	**(17,264)**	(7,643)
Effect of foreign exchange rate on cash	**499**	(3,742)
Cash beginning of period	**56,202**	56,244
Cash end of period	**$ 39,437**	$ 44,859
Supplemental disclosures of cash flow information:		
Cash paid (received) for income taxes	**$ 2,908**	$ (12,621)
Cash paid for interest	**62,119**	61,830

See notes to condensed consolidated financial statements.

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NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Our unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements and do not include all information and footnotes required by generally accepted accounting principles for complete annual financial statements. However, the information furnished herein reflects all normal recurring adjustments which are, in our opinion, necessary for a fair presentation of the results for the interim periods. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2011. The condensed consolidated balance sheet as of December 31, 2010 has been derived from audited financial statements for the year ended December 31, 2010. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2010.

The condensed consolidated financial statements include the accounts of McJunkin Red Man Holding Corporation and its wholly owned and majority-owned subsidiaries (collectively referred to as the Company or by such terms as we, our or us). All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. We believe that our most significant estimates and assumptions are related to uncollectible accounts receivable, realizable value of excess and obsolete inventories, inventory valuation (last-in, first-out), goodwill, other intangible assets, deferred taxes and self-insurance programs. Actual results could materially differ from those estimates.

Cost of Sales: Cost of sales includes the cost of inventory sold and related items, such as vendor rebates, inventory allowances, and shipping and handling costs associated with outbound freight.

Certain purchasing costs and warehousing activities (including receiving, inspection, and stocking costs), as well as general warehousing expenses, are included in selling, general and administrative expenses and not in the cost of sales. As such, our gross margin may not be comparable to others who may include these expenses as a component of cost of goods sold. Purchasing and warehousing activities costs approximated $6.3 and $6.5 million for the three months ended June 30, 2011 and 2010, and $12.5 million and $12.8 million for the six months ended June 30, 2011 and 2010.

Concentration of Credit Risk: Most of our business activity is with customers in the energy and industrial sectors. In the normal course of business, we grant credit to these customers in the form of trade accounts receivable. These receivables could potentially subject us to concentrations of credit risk; however, we seek to minimize such risk by monitoring extensions of trade credit. We generally do not require collateral on trade receivables.

We maintain the majority of our cash and cash equivalents with several reputable financial institutions. These financial institutions are located in many different geographical regions. Deposits held with banks may exceed insurance limits. We believe the likelihood of loss associated with our cash equivalents is remote.

We have a broad customer base doing business throughout North America, as well as internationally. During the three and six months ended June 30, 2011 and June 30, 2010, we did not have sales to any one customer that exceeded 10% of our gross sales. At June 30, 2011 and December 31, 2010, no individual customer balances exceeded 10% of our gross accounts receivable. Accordingly, no significant concentration of customer credit risk is considered to exist.

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

Segment Reporting: We have two operating segments, one consisting of our North American operations, including the United States and Canada, and one consisting of our International operations, including Europe, Asia and Australasia. These segments represent our business of providing pipe, valves, fittings and related products and services to the energy and industrial

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sectors, across each of the upstream (exploration, production and extraction of underground oil and natural gas), midstream (gathering and transmission of oil and natural gas, natural gas utilities, and the storage and distribution of oil and natural gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets, through our distribution operations located throughout the world.

Recent Accounting Pronouncements: In May 2011, the FASB issued Accounting Standards Update (ASU No. 2011-04), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,* an amendment to ASC Topic 820, *Fair Value Measurement*. The amendments in this Update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The guidance for public entities is effective during interim or annual periods beginning after December 15, 2011 and should be applied prospectively. We do not believe that ASU No. 2011-04 will have a material impact on our consolidated financial statements.

NOTE 2 TRANSACTIONS

Stainless Pipe and Fittings Australia Pty. Ltd.

On June 9, 2011, we acquired Stainless Pipe and Fittings Australia Pty. Ltd. (MRC SPF) for $37 million, before consideration of $2 million of cash acquired. MRC SPF, a distributor of stainless steel piping products, operates in seven locations across Australia, Korea, Italy, United Kingdom, and United Arab Emirates. Because the acquisition has recently been consummated, we have not yet determined the fair values of tangible and intangibles assets acquired or liabilities assumed.

NOTE 3 INVENTORIES

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

	June 30, 2011	December 31, 2010
Finished goods inventory at average cost:		
Energy carbon steel tubular products	**$ 467,056**	$ 396,611
Valves, fittings, flanges and all other products	**528,246**	481,137
	995,302	877,748
Less: Excess of average cost over LIFO cost (LIFO reserve)	**(129,119)**	(101,419)
Other inventory reserves	**(14,022)**	(10,962)
	$ 852,161	$ 765,367

During 2011 and 2010, our inventory quantities were reduced, resulting in a liquidation of a LIFO inventory layer that was carried at a cost prevailing from a prior year, as compared with current costs in the current year (a LIFO decrement). The effect of this LIFO decrement decreased cost of sales by approximately $6.7 million and $0.2 million during the three months ended June 30, 2011 and 2010. The effect of this LIFO decrement decreased cost of sales by approximately $6.9 million and $0.4 million during the six months ended June 30, 2011 and 2010.

NOTE 4 LONG-TERM DEBT

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

	June 30, 2011	December 31, 2010
9.50% senior secured notes due 2016, net of discount	**$ 1,029,790**	$ 1,027,938
North American asset based credit facility	**343,957**	
Asset based revolving credit facility		286,398
Midfield revolving credit facility		1,297
Midfield term loan facility		14,415

MRC Transmark revolving credit facility	**58,832**	23,214
MRC Transmark factoring facility	**8,040**	6,979
MRC SPF facility	**19,990**	
Other	**1,759**	
	1,462,368	1,360,241
Less current portion		
	$ 1,462,368	$ 1,360,241

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At June 30, 2011, availability under our revolving credit facilities was as follows (in thousands):