Edgen Group Inc.
Form S-1/A
March 08, 2012
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As filed with the Securities and Exchange Commission on March 8, 2012

Registration No. 333-178790

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Amendment No. 2 to

Form S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EDGEN GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**5051**	**38-3860801**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

18444 Highland Road

Baton Rouge, Louisiana 70809

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Daniel J. O Leary

Chairman, President and Chief Executive Officer

18444 Highland Road

Baton Rouge, Louisiana 70809

(225) 756-9868

(Name, address including zip code, and telephone number, including area code, of agent for service)

With copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

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The information in this preliminary prospectus is not complete and may be changed. We may not sell the securities described herein until the registration statement related to such securities filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell the securities described herein and we are not soliciting an offer to buy such securities in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 8, 2012

PRELIMINARY PROSPECTUS

Class A Common Stock

This is the initial public offering of the Class A common stock of Edgen Group Inc. We are offering shares of Class A common stock. We expect the initial public offering price to be between $ and $ per share.

Following this offering, we will have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to one vote per share and will have no economic rights. Outstanding shares of Class B common stock will represent approximately % of the voting power of our outstanding capital stock following this offering, all of which will be held by entities controlled by affiliates of Jefferies Capital Partners.

Prior to this offering, there has been no public market for our Class A common stock. We have applied to list our Class A common stock on the New York Stock Exchange under the symbol EDG.

Investing in our Class A common stock involves a high degree of risk. See Risk Factors beginning on page 20 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body or commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to Edgen Group Inc. (before expenses)	$	$

We have granted the underwriters a 30-day option to purchase up to an additional shares of Class A common stock at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any.

The underwriters expect to deliver the shares on or about , 2012.

Jefferies **Morgan Stanley** **Citigroup**

, 2012

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ABOUT THIS PROSPECTUS

All information in this prospectus assumes that the underwriters do not exercise their 30-day option to purchase additional shares of Class A common stock from us, unless otherwise indicated.

You should rely only on the information contained in this prospectus, including any free writing prospectus prepared by or on behalf of us. Neither we nor the underwriters have authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus may only be used where it is legal to sell the securities described herein. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. You should not, under any circumstances, construe the delivery of this prospectus or any sale made hereunder to imply that the information in this prospectus is correct as of any date subsequent to the date on the front cover of this prospectus.

For investors outside the U.S.: Neither we, nor any of the underwriters, have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the U.S. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the U.S.

SPECIAL NOTE REGARDING INDUSTRY AND MARKET DATA

This prospectus contains estimates regarding market data which are based on our internal estimates, independent industry publications, reports by market research firms and/or other published independent sources. In each case, we believe and act as if those estimates are accurate, reasonable and reliable but have not independently verified the accuracy of any such third party information. However, market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market data.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our common stock. You should read carefully the following summary together with the rest of this prospectus, including the consolidated financial statements of our predecessor Edgen Murray II, L.P., or EM II LP, and of Bourland & Leverich Holdings LLC, or B&L, and the combined financial statements of B&L s predecessor, Bourland & Leverich Holding Company, or B&L Predecessor, and related notes to those statements, our unaudited pro forma condensed combined financial information and related notes and the section entitled Risk Factors. Some of the statements in the following summary are forward-looking statements. See Special note regarding forward-looking statements.

Edgen Group Inc., or Edgen Group, was incorporated in December 2011. Prior to the completion of this offering, Edgen Group will become the holding company for our operating subsidiaries, including the businesses of EM II LP and B&L, in a transaction we refer to as the Reorganization, and, as our new parent holding company, will serve as the issuer in this offering. See The Reorganization. We expect that the Reorganization and, in particular, the integration of B&L s business into our business, will significantly increase our size and materially change our operations. As a result, except in circumstances where the context indicates otherwise, we have described our business throughout this prospectus assuming that the Reorganization, including the integration of B&L s business into our existing business, has already occurred.

Unless we state otherwise, the Company, we, us, our and similar terms, refer to Edgen Group and, where appropriate, its direct and indirect wholly-owned subsidiaries, and assume and give effect to the Reorganization, including the integration of the businesses of EM II LP and B&L into our operations. Unless otherwise noted, when we present historical financial information in this prospectus, such financial information represents the consolidated financial statements of our predecessor, EM II LP and its consolidated subsidiaries, as well as their predecessors, or B&L Predecessor and its consolidated subsidiaries, as well as their predecessors, as applicable. When we present financial information on a pro forma basis, such financial information assumes and gives effect to the Reorganization, among other things. See Unaudited Pro Forma Condensed Combined Financial Information.

Our Company

We are a leading global distributor of specialty products to the energy sector, including steel pipe, valves, quenched and tempered and high yield heavy plate and related components. We primarily serve customers that operate in the upstream (conventional and unconventional oil and natural gas exploration, drilling and production of oil and natural gas in both onshore and offshore environments), midstream (gathering, processing, fractionation, which is the process by which the individual chemical components of oil and natural gas are separated from a single stream, transportation and storage of oil and natural gas) and downstream (refining and petrochemical applications) end-markets for oil and natural gas. We also serve power generation, civil construction and mining applications, which have a similar need for our technical expertise in specialized steel and specialty products. Based on communications with our customers, we believe customers in all of these end-markets increasingly demand our products in the build-out and maintenance of infrastructure that is required when the extraction, handling and treatment of energy resources becomes more complex and technically challenging. We source and distribute from our global network of more than 800 suppliers steel components that we believe are of premium quality and are highly engineered. We have sales and distribution operations in 15 countries serving over 2,000 customers who rely on our supplier relationships, procurement ability, stocking and logistical support for the timely provision of our products around the world. For the years ended December 31, 2011 and 2010, we achieved pro forma sales of $1.7 billion and $1.3 billion, pro forma net loss of $2.7 million and $62.5 million and pro forma earnings before interest, taxes, depreciation and amortization, or EBITDA, of $123.4 million and $22.9 million, respectively. For the years ended December 31, 2011, 2010 and 2009 our predecessor s sales were $911.6 million, $627.7 million and $773.3 million, respectively, and our predecessor s net loss was $24.5 million, $98.3 million and $20.9

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million, respectively. For a reconciliation of our net income to our non-GAAP measure of EBITDA, please see Summary Historical Consolidated and Unaudited Pro Forma Condensed Combined Financial Information.

Our Market

Our business is driven largely by global demand for energy, in particular by the levels of upstream, midstream and downstream oil and natural gas related activity, with over 93% of our pro forma sales during the year ended December 31, 2011 derived from customers operating within the energy sector. As demand increases for energy, our customers typically increase their capital spending on infrastructure, which results in increased demand for our specialty products. We believe that capital expenditures in our end-markets have substantially increased based on our observation of significant drilling activity in unconventional resources such as oil sands and oil and natural gas shales, new onshore and offshore drilling rig construction, maintenance and expansion of oil and natural gas gathering and transmission networks and continued investment in maintenance and construction of downstream facilities, including refineries. We believe the following factors in particular will continue to support spending in the end-markets we serve, and, in turn, drive demand for the specialized steel products that we supply (although there can be no assurance that we will actually benefit from any of the following factors):

- *Increasing global demand for energy*. It is anticipated that global energy consumption will continue to increase and that additional oil and natural gas production will be required to meet this demand. Growth in global energy consumption is being driven, in part, by the continued development and industrialization of countries not part of the Organisation for Economic Co-operation and Development, or OECD. As a supplier of specialized products to companies across the global energy supply chain, we believe we will benefit from these demand trends, as we believe such trends will spur significant investment in energy infrastructure.

- *Continued requirement for additional oil and natural gas drilling activity*. The oil and natural gas industry is investing significantly in the development of previously underexploited resources of oil and natural gas to meet existing, and anticipated growth in, global demand for energy. In particular, the development of onshore unconventional resources, such as the U.S. shales, Canadian oil sands and Australian coalbed methane, or CBM, and global deepwater drilling activity in areas such as West Africa and offshore Brazil, have led to significant additional drilling activity. We believe that such activity will support increased demand for our products and services.

- *Continued investment in oil and natural gas gathering and transmission capacity*. Many of the world s oil and natural gas-producing regions experiencing growth in drilling activity lack sufficient pipeline, processing, fractionation, treatment or storage infrastructure. We expect that as production from new oil and natural gas developments increases, additional investments in oil and natural gas gathering and transmission capacity will be required. At the same time, many existing transmission networks are aging, necessitating increased maintenance and repair. We believe that we will benefit from increased demand for many of the specialized components that are needed for the construction and maintenance of these transmission systems.

- *Continued and expected increases in downstream refining activity*. The continued industrialization of emerging economies such as those of China and India, as well as the recovery of the global economy, is expected to result in increased demand for refined petroleum and petrochemical products. This increased demand should in turn result in increasing downstream activity and investment, particularly in the refining sector. Because these refineries require the use of products that are designed to withstand extreme temperatures and pressures and corrosive conditions, we believe that anticipated future demand from this end-market will stimulate future demand for the specialized steel products that we supply.

- *Growing global investment in power generation capacity.* Substantial new electricity generation capacity will be required as developing economies experience rapid population growth and industrialization. Additionally, many developed economies continue to enact regulations that promote cleaner sources of energy and the retirement or refurbishment of older power generation capacity. This increased regulation tends to drive the construction of new power generation sources or capital expenditures to refurbish older power generation sources. We believe that the increased global demand for electricity and the focus on developing cleaner sources of energy will drive demand for our specialty products.

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- *Increased focus on environmental and safety standards*. Many of our key markets have been subject to increased regulation relating to environmental and safety issues. As a result, owners and operators of oil and natural gas extraction, processing and transmission infrastructure are facing stricter environmental and safety regulation as they manage and build infrastructure. Future environmental and safety compliance could require the use of more specialized products and higher rates of maintenance, repair and replacement to ensure the integrity of our customers facilities. We believe that such laws and regulations will drive greater spending on maintenance, repair and operations, or MRO, by our customers and increased demand for our specialty products. Similarly, we believe heightened regulations, safety requirements and technical specifications in the civil construction and mining sectors will lead to higher project spending on products we distribute to these end-markets.

Our Business

We are a distributor of our suppliers manufactured products and earn revenue from the sales of specialty steel products to our customers, though we do not, ourselves, manufacture any products. We believe we are an important link between our customers and suppliers because of our ability to match the needs of our customers with product offerings of our suppliers. Our customers often operate in remote geographical locations and severe environments that require materials capable of meeting exacting standards for temperature, pressure, corrosion and abrasion. We deliver value to our customers around the world by providing:

- Access to a broad range of products from multiple supplier sources;
- Coordination and quality control of logistics, staged delivery, fabrication and additional services;
- Understanding of supplier pricing, capacity and deliveries;
- Ability to provide the specialized product offerings of multiple suppliers to create complete material packages;
- On-hand inventory of specialty products to reduce our customers need to maintain large stocks of replacement products; and
- Capitalization necessary to manage multi-million dollar supply orders.

Many of the products we distribute require specialized production to exacting technical and quality standards. We have established supply channels with a global network of suppliers to address our customers demands. As our suppliers increasingly focus on their core production competencies rather than on sales, marketing and logistics, we are able to deliver numerous benefits to our suppliers, including:

- Active marketing of our suppliers product offerings to customers;
- Knowledge of customer spending plans and material requirements;
- Aggregation of numerous orders to create the critical volume required to make the production of a specific product economically viable;
- Expertise and market knowledge to facilitate the development and sale of new products; and

- Delivery of value-added services to end users, including coordination of logistics, fabrication and additional services.

We believe our customers and suppliers rely on distributors as a way to reduce costs while maintaining product quality and service levels. Furthermore, we believe that the proliferation of new technologies within the upstream, midstream and downstream end-markets of the energy industry and the increased specialization of products needed to build and implement these technologies will continue to drive demand for our products and services. We believe we are well suited to continue to benefit from specialization by suppliers and improved internal efficiencies implemented by end users.

Our customers include engineering, procurement and construction firms, equipment fabricators, multi-national and national integrated oil and natural gas companies, independent oil and natural gas exploration and production companies, onshore and offshore drilling contractors, oil and natural gas transmission and distribution companies,

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petrochemical companies, mining companies, oil sands developers, hydrocarbon, nuclear and renewable power generation companies, public utilities, civil construction contractors and municipal and transportation authorities. Our sales to these customers generally fall into the following three categories:

- *Project.* Project orders relate to our customers capital expenditures for various planned projects across the upstream, midstream and downstream end-markets of the energy sector, such as transmission infrastructure build-out and oil rig construction and refurbishment. For these orders, we serve as a provider of global inventory logistics, delivering high quality, technically specific products in accordance with our customers project timelines. For many customers, we stage material and manage simultaneous product deliveries to multiple site locations. These orders tend to involve larger volumes that are delivered over longer timeframes and can lead to future MRO business. In addition, projects are often divided into different phases, and the initial project orders can also lead to subsequent project orders. Project orders constituted 35% of our pro forma sales for the year ended December 31, 2011.

- *Drilling Program.* Drilling program orders relate to the delivery of surface casing and production tubulars for the onshore upstream market and require close consultation with our customers with regard to product specifications and delivery timing. Similar to our role in Project orders, we serve as an inventory logistics provider for our customers, delivering products in accordance with their drilling plans, often for multiple drilling rigs or site locations. We generally leverage our technical expertise to act as a liaison between customers and suppliers as they design new products that meet specific technical requirements. Drilling program orders constituted 46% of our pro forma sales for the year ended December 31, 2011.

- *Maintenance, Repair and Operations Order Fulfillment.* MRO orders typically relate to the replacement of existing products that have reached their service limits or are being replaced due to regulatory requirements. Replacement orders are influenced by both product design and regulatory requirements. These orders tend to be consistent in nature and can be driven by customer relationships developed by fulfillment of Project orders. Often, the fulfillment of these MRO orders is critical to our customers ongoing operations, and the prompt receipt of the required component is of significant value to them. We maintain an inventory of specialty products in order to provide timely delivery of these products from our stocking locations around the world. Fulfillment of MRO orders constituted 19% of our pro forma sales for the year ended December 31, 2011.

Our Operating Segments

After the Reorganization and this offering, we will deliver our specialty products through two operating segments:

Energy and Infrastructure Products, or E&I. The E&I Segment serves customers in the Americas, Europe/Middle East/Africa, or EMEA, and Asia Pacific, or APAC, regions, distributing pipe, plate, valves and related components to upstream, midstream, downstream and select power generation, civil construction and mining customers across more than 35 global locations. This operating segment provides project and MRO order fulfillment capabilities from stocking locations throughout the world. For the year ended December 31, 2011, our E&I Segment represented 54% of our pro forma sales and 48% of our pro forma EBITDA. Our E&I Segment is branded under the Edgen Murray name.

Oil Country Tubular Goods, or OCTG. The OCTG Segment is a leading provider of oil country tubular goods to the upstream conventional and unconventional onshore drilling markets in the U.S. We deliver products through nine customer sales and service locations, including our Pampa, Texas operating center, and over 50 third-party owned distribution facilities. For the year ended December 31, 2011, our OCTG Segment represented 46% of our pro forma sales and 52% of our pro forma EBITDA. Our OCTG Segment is branded under the Bourland & Leverich name.

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Our Competitive Strengths

We consider the following to be our principal competitive strengths:

Broad Scale with Global Distribution Capabilities. As one of the largest global purchasers of specialty steel products for the energy infrastructure market, we use our scale to aggregate demand for the benefit of both our customers and our suppliers. We are able to secure from time to time volume pricing and production priority from our suppliers, often for specialty products for which no individual customer has enough demand to justify a timely production run, and thereby meet the specific product and delivery needs of our customers. In addition, we locate our global distribution facilities in close proximity to the major upstream, midstream and downstream energy end-markets we serve, including in the U.S., U.K., Singapore and Dubai. The benefits of our global presence include the ability to serve as a single global source of supply for our customers and participation in infrastructure investment activities in multiple regions around the world, thereby increasing our growth opportunities and reducing our relative exposure to any one geographic market.

Diversified and Stable Customer Base. We have a diversified customer base of over 2,000 active customers in more than 50 countries with operations in the upstream, midstream and downstream energy end-markets, as well as in power generation, civil construction and mining. Our top ten customers, with each of whom we have had a relationship for more than nine years, accounted for 35% of our pro forma sales for the year ended December 31, 2011, yet no single customer represented more than 9% of our pro forma sales over the same period. We believe this diversification affords us a measure of protection in the event of a downturn in any specific region or market, or from the loss of individual customers. In addition, although MRO sales vary from year to year, we tend to receive a base level of MRO sales from our large, longstanding customers, which provides additional stability to our sales during periods of limited infrastructure expansion. Consistent with common industry practice, we typically operate on a purchase order basis rather than a long-term contract basis with our customers.

Strategic and Longstanding Supplier Relationships. We have longstanding relationships with leading suppliers across all of our product lines. While we are able to source almost all of our products from multiple suppliers, our scale allows us to be one of the largest, if not the largest, customer to each of our key suppliers. As a large customer, we provide our suppliers with a stable and significant source of demand. In addition, our market knowledge and insight into our customers   capital expenditure plans enable us to aggregate multiple orders of a specialty product into volumes appropriate for a production run. We believe that these differentiating factors enhance our ability to obtain product allocations, timely delivery and competitive pricing on our orders from our suppliers. We believe that obtaining these same benefits from suppliers would be difficult for others, including our customers.

Focus on Premium Products. Our product portfolio is composed primarily of specialty steel products and components that we believe are of premium quality and highly engineered. These types of products often are available from only a select number of suppliers, have limited production schedules and require technical expertise to sell. Our emphasis on the procurement and distribution of products that in many cases are not widely available is the foundation of our ability to deliver value to our customers.

Sophisticated Material Sourcing and Logistical Expertise. Many of our customers rely on us to source products for them, as they lack the supplier relationships, resources, volume and/or logistical capabilities to complete procurement and delivery independently or on a cost-effective basis. We believe our professionals have the expertise necessary to manage the coordinated delivery of purchased product to multiple, often remote operating sites according to specific schedules. They also have the knowledge, experience, training and technical expertise in their products to provide valuable advisory support to our customers regarding selection of the most appropriate product to meet their specific needs.

Capitalization and Cash Flow to Maintain Necessary Inventory Levels. Our size affords us the ability to maintain inventory levels necessary to meet the unexpected MRO needs of our customers in the geographies in which they

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operate. Based upon our past experience in the market, we believe such MRO requests are often less price sensitive than longer lead-time Project and Drilling program orders. Our scale and wherewithal to support large projects also enable us to participate in Project order proposals otherwise inaccessible to smaller competitors. Many of our regional competitors have comparatively smaller balance sheets and resources and have limited cash flow, which limits their capacity to carry the appropriate inventory levels to meet certain customers needs.

Asset-Light Business Model. We maintain an asset-light business model to maximize our operational flexibility. Our model results in high operating leverage, as evidenced by our $3.1 million in pro forma sales per employee for the year ended December 31, 2011. Our OCTG Segment operates one facility while leveraging the storage and transportation capabilities of over 50 third party service providers to serve customers in the U.S. Our E&I Segment serves over 1,800 global customers through over 25 distribution facilities located throughout the world. We often enter new geographic areas of energy infrastructure development in conjunction with service to existing clients and working with third party service providers. In doing so, we are able to introduce our specialty products and technical expertise into new regions of high demand without the lead time or capital investment that might otherwise be needed.

Experienced and Incentivized Management Team. Our senior managers have significant industry experience, averaging over 25 years, across upstream, midstream and downstream energy end-markets in the diverse geographies we serve and in the manufacture of the products we distribute. We intend to tie the compensation of our senior managers to financial performance measures, which we believe will align their interests with those of our stockholders. Following completion of this offering and as a result of the Reorganization, our management and employees would own approximately % of our Class A common stock in the aggregate, including restricted shares of our Class A common stock and assuming the exercise in full of the Exchange Rights for shares of our Class A common stock as described in The Reorganization and the pro rata distribution of those shares to the partners and members of EM II LP and B&L.

Our Business Strategies

Our goal is to be the leading distributor of specialty steel products to the global energy sector. We intend to achieve this goal through the following strategies, although there can be no guarantee that any of the following strategies will be effective:

Expand Business with Existing Customers. We strive to introduce our customers to the entirety of our product portfolio on a global basis. Our experienced and knowledgeable sales force is trained to capture additional share of our customers overall spending on specialty steel products. Opportunities to expand business with our customers include capitalizing on new product sales and cross-selling opportunities across all of a customer s operations in different end-markets and geographies, further penetration of existing customers Projects, Drilling programs and MRO supply requirements and leveraging our platform to address our customers global needs.

Grow Business in Select New and Existing Markets. We intend to exploit opportunities for profit and margin expansion within our existing core markets, as well as in new geographies and end-markets. We expect to capitalize on the increasing demand for energy in these markets by leveraging our suite of capabilities and reputation as a market leader to drive new customer acquisitions. We plan to achieve this goal in part by selectively enhancing our presence in locations where significant investments in energy infrastructure are being made. Notably, we believe our specialty product offering positions us well to take advantage of the development of previously underexploited unconventional onshore and deepwater offshore resources. We also plan to expand our presence in new end-markets outside of oil and natural gas that are characterized by difficult operating environments and have similar demand for our technical expertise and specialty products.

We also plan to selectively expand our global footprint through our asset-light model in order to maximize our ability to meet evolving customer needs. We believe our platform is highly flexible, as we are able to rapidly address areas of new demand through the addition of satellite offices, representative offices and third party stocking facilities with minimal lead time. We use our asset-light profile to quickly adjust our geographic priorities according to changes in secular demand trends in our target markets.

Continue to Pursue Strategic Acquisitions and Investments. We intend to continue to grow our business through selective acquisitions, joint ventures and other strategic investments. We believe that our history of acquisitions and integrations demonstrates our ability to identify and capitalize on acquisition opportunities that enhance our product offerings or our global presence, or both, which has been an important factor in the creation of the existing Edgen Group. Between 2005 and 2009, we executed five acquisitions for a total consideration of approximately $360.0 million. These acquisitions, coupled with the consolidation of the B&L business which will occur in connection with the Reorganization, have facilitated the growth of Edgen Group from predecessor sales of $322.3 million for the year ended 2005 to pro forma sales of $1.7 billion for the year ended December 31, 2011. We apply a strict set of evaluation criteria to ensure that all investments are consistent with our strategic priorities. We anticipate that our investments will expand our product offering, customer base, supplier relationships, and in certain instances, our end-market exposure.

Our Challenges and Risk Factors

We face challenges and risks in operating our business and an investment in our Class A common stock involves a high degree of risk. Many factors contributing to these challenges and risks are beyond our ability to control. You should carefully consider, among other things, the following risks as well as those more fully described in the Risk Factors section beginning on page 20 of this prospectus and all of the other information set forth in this prospectus, before deciding to invest in our Class A common stock:

n Demand for our products from our customers in the global energy infrastructure market depends largely upon the availability of attractive drilling prospects, regulatory requirements and limitations, the prevailing view of future oil and natural gas prices, refinery margins and general economic conditions. Volatility in this market, and, in particular, a significant decline in oil and natural gas prices and refining margins, has in the past reduced, and could in the future reduce, the demand for our products, which could cause our sales, margins, earnings and liquidity to decrease.

n The prices we pay and charge for steel products, and the availability of steel products generally, may fluctuate due to a number of factors beyond our control. If the price of steel decreases significantly or if demand for our products decreases, we may be unable to sell our inventory at the volumes or prices we expect, we may be forced to dispose of higher-cost products at reduced market prices and we may be required to write-down the value of our inventory on hand. Additionally, we may incur asset impairment charges for goodwill and other indefinite lived intangible assets, which would result in lower reported net income (or higher net losses). All or any of the foregoing could cause our sales, margins, earnings and liquidity and the value of our inventory to decrease.

n Increasing regulatory and political challenges with respect to unconventional or offshore oil and natural gas resources or new drilling and extraction technologies, such as horizontal drilling and hydraulic fracturing, could result in increased costs and additional operating restrictions or delays for our customers. This could reduce demand for our products, which could cause our sales, margins, earnings and liquidity to decrease.

n A significant portion of our cash flow is required to pay interest and principal, and we may not generate sufficient cash flow from operations, or have future borrowings available, to enable us to repay our indebtedness. Upon the completion of the reorganization described below, or Reorganization, and the application of the proceeds from this offering, our outstanding indebtedness will account for significant cash interest expense in 2012 and subsequent years. We intend to use a substantial portion of the proceeds from this offering to repay our existing indebtedness (including prepayment penalties), and not to expand our existing business operations. See Use of proceeds.

n Under each tax receivable agreement described below, we expect to pay the holders of the Exchange Rights described below 85% of any tax benefits that we realize from the exercise of the Exchange Rights, from certain other transactions that result in increases in our share of the tax basis of

the assets of EDG Holdco LLC, or EDG LLC, and from our making payments under the related tax receivable agreement. We may need to incur debt to finance the payments under the tax receivable agreements. Furthermore, we could make payments in excess of our actual cash tax savings and we may be subject to additional taxes or penalties if the tax authorities later reduce or disallow the benefits to us on which the payments were based. EM II LP and B&L will not be obligated to reimburse us for payments previously made to them on account of such benefits. If the Exchange Rights were to be exercised in full and if all of the other transactions that could result in an increase in our share of the basis of EDG LLC s assets were to occur, in each case, in a hypothetical fully taxable transaction upon completion of this offering and assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased depreciation and amortization of our assets, we expect that future payments to EM II LP and B&L in respect of the tax receivable agreements will aggregate $ million and range from approximately $ million to $ million per year over the next 15 years.

n We expect that our subsidiary EDG LLC will make cash distributions to EM II LP, B&L and Edgen Group pursuant to the limited liability company agreement of EDG LLC in respect of the taxable income of EDG LLC. The amount of these tax distributions may exceed the amount of taxes EDG LLC would pay if it were taxed as a corporation.

n Our business is sensitive to economic downturns and adverse credit market conditions, which could adversely affect our business, financial condition, results of operations and liquidity.

n Our ten largest customers account for a substantial portion of our sales and profits, and the loss of any these customers could result in materially decreased sales and profits.

n We rely on our steel suppliers to meet the required specifications for the steel we purchase from them, and we may have unreimbursed losses arising from our suppliers failure to meet such specifications.

n Loss of third-party transportation providers upon which we depend or conditions negatively affecting the transportation industry could increase our costs and disrupt our operations.

n Our global operations, in particular those in emerging markets, are subject to various risks which could have a material adverse effect on our business, results of operations and financial condition.

n Concentration of voting power among affiliates of JCP may prevent new investors from influencing significant corporate decisions. Upon the completion of this offering, affiliates of JCP will hold approximately % of the voting power of Edgen Group.

Formation of Edgen Group and the Reorganization

Edgen Group was incorporated in December 2011 in Delaware and is the issuer in this offering. In connection with the completion of this offering:

n Edgen Group will become our new parent holding company and EDG LLC will become our new intermediate holding company.

n EMGH Limited will become a subsidiary of Edgen Murray Corporation, or EMC.

n

EMC s ownership interest in B&L will be redeemed by B&L in exchange for membership units of B&L s operating subsidiary Bourland & Leverich Supply Co. LLC, or B&L Supply.

- EM II LP and B&L will contribute their respective businesses and liabilities to EDG LLC or one of its subsidiaries for membership units of EDG LLC and Class B common stock of Edgen Group.
- EM II LP may elect to have EM Holdings LLC purchase from EMC all or a portion of EMC s membership units in B&L Supply with either cash or a note payable to EMC.
- Holders of restricted units of EM II LP and B&L will exchange such units for restricted shares of our Class A common stock.

Following these transactions and upon completion of this offering:

- EDG LLC will be controlled by Edgen Group. Edgen Group, EM II LP and B&L will own approximately %, % and % of the membership units of EDG LLC, respectively.

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- Edgen Group will be controlled by EM II LP and B&L through their ownership of approximately % and % of the Class B common stock of Edgen Group, respectively. The current partners and members of EM II LP and B&L, which we refer to as the Existing Investors, will exchange their restricted units of EM II LP and B&L for restricted shares of our Class A common stock, and, to the extent such Existing Investors also own unrestricted units of EM II LP and B&L, will remain the owners of such units of EM II LP and B&L, respectively, and EM II LP and B&L will be controlled by the same affiliates of JCP that controlled each of them before these transactions.

- Subject to certain limitations, EM II LP and B&L will each have rights, which we refer to as the Exchange Rights, to exchange each of their membership units in EDG LLC, together with each of their shares of Class B common stock of Edgen Group, for one share of Class A common stock of Edgen Group or, if we so elect, cash equal to the trading price of a share of Class A common stock.

- EM II LP and B&L will each have the right to receive payments under a tax receivable agreement with Edgen Group and cash distributions under the EDG LLC limited liability company agreement.

Certain Relationships and Related Person Transactions

In addition to the Reorganization transactions, we expect to enter into the following related person transactions in connection with the completion of this offering:

Employment Agreements. We expect to enter into amended employment agreements with certain of our officers.

Reorganization Agreement. We expect to enter into a Reorganization Agreement, which will provide for the steps necessary to effect the Reorganization (including the contribution to us of the businesses and liabilities of EM II LP and B&L), provide for our indemnification of EM II LP and B&L for liabilities relating to their pre-Reorganization operations and require us to pay for certain administrative, tax reporting and other similar costs that EM II LP and B&L incur.

Exchange Agreements. We expect to enter into an exchange agreement with each of EM II LP and B&L to govern the terms and conditions of the Exchange Rights.

Tax Receivable Agreements. The exercise of the Exchange Rights and certain other transactions are expected to result in increases in our share of the tax basis of EDG LLC s assets. We expect to enter into a tax receivable agreement with each of EM II LP and B&L to pay each of them 85% of any tax benefits that we realize from the exercise of the Exchange Rights, from certain other transactions that result in increases in our share of the tax basis of EDG LLC s assets, and from our making payments under the related tax receivable agreement.

Tax Distributions. We expect to enter into a limited liability company agreement among Edgen Group, EM II LP and B&L that will govern the membership units of EDG LLC. We expect that the limited liability company agreement of EDG LLC will provide for cash distributions to Edgen Group, EM II LP & B&L to enable each of them to pay taxes attributable to their allocable share of the taxable income of EDG LLC.

Investors and Registration Rights Agreement. We expect to enter into an investors and registration rights agreement with EM II LP and B&L pursuant to which each of EM II LP and B&L will be entitled to have a representative attend meetings of our board of directors as a non-voting observer so long as it beneficially owns at least % of our then-outstanding Class B common stock. Pursuant to the investors and registration rights agreement, we may be required to register the issuance or sale of shares of our Class A common stock issuable upon exercise of the Exchange Rights.

Jefferies & Company, Inc.

Jefferies & Company, Inc. is participating as an underwriter in this offering and will be entitled to underwriting discounts and commissions with respect to the stock purchased by it in this offering. See Underwriting Commissions and Expenses. Assuming an initial public offering price of $ per share, which is the

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mid-point of the price range set forth on the cover page of this prospectus, we estimate that Jefferies & Company, Inc. will receive approximately $ million in underwriting discounts and commissions. However, Jefferies & Company, Inc. will not accrue direct benefits from the sale of our shares.

We intend to use the net proceeds to us from this offering to, among other things, repay certain amounts outstanding under B&L s term loan. As the administrative agent and a lender under B&L s term loan, we expect that Jefferies & Company, Inc. and/or its affiliates will receive approximately $ million from the repayment of B&L s term loan. See Use of Proceeds.

In light of this anticipated use of proceeds, we are required to utilize a qualified independent underwriter in connection with this offering and the preparation of this prospectus. Morgan Stanley & Co. LLC has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, or the Securities Act, specifically including those inherent in Section 11 of the Securities Act. See Underwriting Affiliations and Conflicts of Interest and Underwriting Relationships.

Jefferies Group, Inc.

The parent company of Jefferies & Company, Inc. is Jefferies Group, Inc., or Jefferies Group. Mr. Brian P. Friedman, who is a director of Jefferies Group and Chairman of the Executive Committee of Jefferies & Company, Inc., is one of the managing members of Jefferies Capital Partners, or JCP. Mr. Friedman is also the President of the entity that serves as general partner or managing member of Jefferies Capital Partners IV L.P., Jefferies Employee Partners IV LLC and JCP Partners IV LLC, which are private equity investment funds managed by JCP which we refer to collectively as Fund IV. Jefferies Group directly or indirectly has made a substantial investment in and has a substantial, non-voting economic interest in JCP, Fund IV and other funds managed by JCP, and also serves as a lender to one of the funds comprising Fund IV. In addition, Jefferies Group employs and provides office space for JCP s employees, for which JCP reimburses Jefferies Group on an annual basis. Mr. James L. Luikart is one of the managing members of JCP, the Executive Vice President of the entity that serves as general partner or managing member of Fund IV and one of our directors. Mr. Nicholas Daraviras is a Managing Director of JCP and one of our directors.

After giving effect to the Reorganization and this offering, EM II LP and B&L, which are entities controlled by affiliates of JCP, together will own 100% of our outstanding Class B common stock, will hold approximately % of the voting power of our outstanding capital stock and will own approximately % of the membership units of EDG LLC. Subject to certain limitations, EM II LP and B&L will also have the right to receive shares of our Class A common stock pursuant to the Exchange Rights and will be entitled to payments under the tax receivable agreements and cash distributions under the EDG LLC limited liability company agreement. Finally, we also intend to enter into an investors and registration rights agreement that will entitle EM II LP and B&L to board observation rights and registration rights with respect to shares of Class A common stock owned by them upon exercise of the Exchange Rights.

See Certain Relationships and Related Person Transactions.

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The following diagram illustrates our summary organizational structure after the completion of the Reorganization and this offering (and before the exercise of any Exchange Rights):

Summary Organizational Structure

(1) Jefferies Capital Partners IV L.P. controls 100% of the voting power of EM II LP through its control of 100% of the voting power of EM II LP s general partner, Edgen Murray II GP, LLC. Some of the Existing Investors are investors in each of EM II LP and B&L and some are investors in one but not the other.
(2) Jefferies Capital Partners IV L.P. controls 100% of the voting power.
(3) The remaining % of our Class A common stock will be held by certain Existing Investors in the form of restricted stock received in the Reorganization. Percentages exclude shares of our Class A common stock reserved for issuance under our equity incentive plan.
(4) EDG LLC will own, directly or indirectly, 100% of B&L Supply. Some of this interest may be held by EMC or EM Holdings LLC.

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Company Information

Edgen Group Inc. is incorporated as a Delaware corporation and maintains its principal executive offices at 18444 Highland Road, Baton Rouge, Louisiana 70809. Our telephone number is (225) 756-9868. We maintain a web site at www.edgengroup.com. Our web site and the information contained thereon or connected thereto is not incorporated into this prospectus or the registration statement of which this prospectus forms a part and is provided as an inactive textual reference. You should not rely on any such information in making your decision whether to purchase our securities.

Certain Trademarks

This prospectus includes trademarks, such as Edgen Murray, Bourland & Leverich and the Edgen Group logo, which are protected under applicable intellectual property laws and are our property and/or the property of our subsidiaries. This prospectus also contains trademarks, service marks, copyrights and trade names of other companies, which are the property of their respective owners. Solely for convenience, our trademarks and tradenames referred to in this prospectus may appear without the ® or symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and tradenames.

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THE OFFERING

Class A common stock offered by us	shares.
Class A common stock to be outstanding immediately after this offering	shares (assuming no exercise of the underwriters over-allotment option).
Class B common stock to be outstanding immediately after this offering	shares.
Voting Rights	Each share of our Class A common stock will entitle its holder to one vote on all matters to be voted on by stockholders generally. EM II LP and B&L will each own all of our issued and outstanding Class B common stock. Class B common stock has no economic rights but will entitle the holder to one vote per share.
Dividends	We do not currently intend to pay a quarterly cash dividend. If we do declare a dividend in the future, the Class B common stock will not be entitled to dividend rights.

Over-Allotment Option

We have granted to the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to additional shares of our common stock to cover over-allotments, if any. The information presented in this prospectus assumes that the underwriters do not exercise their over-allotment option.

Use of Proceeds

We estimate that the net proceeds we will receive from this offering will be approximately $ million, after deducting the estimated underwriting discounts and commissions and the estimated offering fees and expenses payable by us and assuming an initial public offering price of $ per share, which is the mid-point of the price range set forth on the cover page of this prospectus. We intend to use (1) $ of such net proceeds to purchase newly-issued EDG LLC membership units from EDG LLC, which would use such funds to repay amounts outstanding under B&L s term loan, B&L s revolving credit facility and a note payable issued to the former owner of B&L Predecessor and (2) up to $ of any remaining proceeds to purchase EDG LLC membership units and shares of our Class B common stock from EM II LP and B&L. We expect to use any remaining net proceeds from this offering for other general corporate purposes. We do not currently intend to use the proceeds from this offering to expand our business operations. Jefferies Finance LLC, an affiliate of Jefferies & Company, Inc., is the administrative agent and a lender under B&L s term loan facility. As a result, Jefferies & Company, Inc. and/or its affiliates will receive approximately $ million of the net proceeds from this offering used to repay B&L s term loan, or more than % of the net proceeds of this offering. Due to such redemption and repayment, this offering will be conducted in accordance with Rule 5121 of the Financial Industry Regulatory Authority, Inc. This rule requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of due diligence with respect to, the registration statement and this prospectus. Morgan Stanley & Co. LLC has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. See Underwriting Affiliations and Conflicts of Interest. We will not receive any of the proceeds from the sale to us of EDG LLC membership units by EM II LP or B&L, whose partners and members include certain of our officers and directors and affiliates of Jefferies & Company, Inc. See Underwriting Relationships.

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Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully read this entire prospectus, including the more detailed information set forth under the caption Risk Factors, the historical consolidated financial statements of our predecessor EM II LP as well as those of B&L and B&L Predecessor, and the related notes thereto, and the unaudited pro forma condensed combined financial information included elsewhere in this prospectus, before investing in our Class A common stock.

Lock-up Agreements

EM II LP and B&L, which as a result of the Reorganization will be the holders of all of our outstanding common stock prior to the offering, and our directors and executive officers have agreed with the underwriters, subject to limited exceptions, not to sell, transfer or dispose of any of our shares for a period of 180 days after the date of this prospectus. See the information under the caption Underwriting No Sales of Similar Securities for additional information.

Proposed New York Stock Exchange symbol

We have applied to list our Class A common stock on the NYSE under the symbol EDG. Our Class A common stock will not be listed on any other exchange or traded on any other automated quotation system. Our Class B common stock will not be listed on any exchange or traded on any automated quotation system.

Shares Outstanding

The number of shares of our Class A and Class B common stock to be outstanding following this offering is based on shares of our Class A common stock (including shares of our restricted Class A common stock to be issued to certain Existing Investors in connection with the Reorganization) and shares of our Class B common stock outstanding on a pro forma basis after giving effect to the Reorganization, but excludes shares of Class A common stock reserved for issuance under our equity incentive plans, of which options to purchase shares will be outstanding after the Reorganization at a weighted average exercise price of $ per share, and shares of Class A common stock reserved for issuance upon the exercise of the Exchange Rights by EM II LP and B&L. If the Exchange Rights were exercised in full upon completion of this offering and settled solely for shares of Class A common stock (1) approximately %, %, % and % of the Class A common stock would be owned by purchasers in this offering, Existing Investors receiving restricted stock in the Reorganization, EMII LP and B&L, respectively, and (2) there would be shares of our Class A common stock outstanding and no shares of our Class B common stock outstanding.

Unless otherwise stated, information in this prospectus (except for the historical financial statements) assumes:

- the completion of the Reorganization;
- that our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, is in effect;
- no exercise of any options to acquire shares of our Class A common stock; and
- no exercise of the underwriters over-allotment option.

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SUMMARY HISTORICAL CONSOLIDATED AND UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following tables present certain summary historical consolidated financial data and other data of our predecessor, EM II LP, for each of the years ended December 31, 2011, 2010 and 2009 and certain pro forma combined financial information of Edgen Group for the fiscal years ended December 31, 2011 and 2010. The data set forth below should be read in conjunction with the sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, Capitalization, Selected Historical Consolidated Financial Data and Unaudited Pro Forma Condensed Combined Financial Information, each of which is contained elsewhere in this prospectus, and the consolidated financial statements of EM II LP, the consolidated financial statements of B&L and the combined financial statements of B&L Predecessor, each of which is contained elsewhere in this prospectus.

The Reorganization will be completed concurrently with the completion of this offering, and as a result, our future results of operations will include the results of operations of the business of B&L. We have determined that after the Reorganization, EM II LP will be our predecessor and, as a result, have included summary historical consolidated financial data of EM II LP. The summary historical consolidated statement of operations and other financial data of EM II LP for the years ended December 31, 2011, 2010 and 2009 and the summary historical consolidated balance sheet data of EM II LP at December 31, 2011 and 2010 are derived from the audited consolidated financial statements of EM II LP included elsewhere in this prospectus. The summary historical consolidated balance sheet data of EM II LP as of December 31, 2009 are derived from the audited consolidated financial statements of EM II LP that are not included in this prospectus.

The summary unaudited pro forma financial data have been prepared to give effect to the Reorganization and this offering and the application of net proceeds therefrom as if they occurred on January 1, 2010. Assumptions underlying the pro forma adjustments are described in the section entitled Unaudited Pro Forma Condensed Combined Financial Information contained elsewhere in this prospectus. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. Please see Unaudited Pro Forma Condensed Combined Financial Information Notes to the Unaudited Pro Forma Condensed Combined Financial Information for a more detailed discussion of how pro forma adjustments are presented in our unaudited pro forma condensed combined financial information. The summary unaudited pro forma financial data are provided for informational purposes only. The summary unaudited pro forma financial data do not purport to represent what our results of operations actually would have been if the Reorganization and this offering, and the application of the net proceeds therefrom had occurred at any date, nor do such data purport to project the results of operations for any future period.

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EDGEN GROUP INC.

SUMMARY UNAUDITED PRO FORMA FINANCIAL DATA

	PRO FORMA YEAR ENDED DECEMBER 31, 2011 (1)	PRO FORMA YEAR ENDED DECEMBER 31, 2010 (1)
Statement of Operations (in thousands)		
Sales	$ 1,675,209	$ 1,255,149
Gross profit (exclusive of depreciation and amortization)	210,941	166,632
Income (loss) from operations	85,858	(12,738)
Net loss	(2,732)	(62,480)
BASIC AND DILUTED EARNINGS PER SHARE:		
Net loss	(2,732)	(62,480)
Number of public shares used in denominator		
Basic and diluted earnings per share public		

	PRO FORMA DECEMBER 31, 2011 (1)
Balance Sheet Data (in thousands)	
Cash and cash equivalents	$
Working capital	
Property, plant and equipment net	
Total assets	
Long term debt and capital leases	
Total deficit	

	PRO FORMA YEAR ENDED DECEMBER 31, 2011 (1)	PRO FORMA YEAR ENDED DECEMBER 31, 2010 (1)
Other Financial Data (in thousands)		
EBITDA	$ 123,447	$ 22,910
Adjusted EBITDA	124,101	86,268

	PRO FORMA YEAR ENDED DECEMBER 31, 2011 (1)	PRO FORMA YEAR ENDED DECEMBER 31, 2010 (1)
Reconciliation of GAAP pro forma net income (loss) to non-GAAP pro forma EBITDA and non-GAAP pro forma Adjusted EBITDA		
NET INCOME (LOSS)	$ (2,732)	$ (62,480)
Income tax expense (benefit)	4,088	(22,125)
Interest expense net	86,480	72,664
Depreciation and amortization expense	35,611	34,851
EBITDA	$ 123,447	$ 22,910

Impairment of goodwill [2]		62,805
Equity based compensation[3]	2,632	1,350
Other (income) expense [4]	(1,978)	(797)
ADJUSTED EBITDA	$ 124,101	$ 86,268

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(1) The pro forma statement of operations, balance sheet and other financial data give effect to the Reorganization and the issuance of shares of our Class A common stock at an issuance price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus. We intend to use (1) $ of the net proceeds from this offering to purchase newly-issued membership units from our consolidated subsidiary EDG LLC, which will be used by EDG LLC to repay certain outstanding indebtedness, and up to $ of any remaining proceeds to purchase EDG LLC membership units and shares of our Class B common stock from EM II LP and B&L. We expect to use any remaining net proceeds from this offering for other general corporate purposes. For a detailed presentation of this unaudited pro forma statement of operations and balance sheet data, including a description of the transactions and assumptions underlying the pro forma adjustments giving rise to these results, see Unaudited Pro Forma Condensed Combined Financial Information elsewhere in this prospectus.

(2) The year ended December 31, 2010 includes an impairment charge to goodwill of $62.8 million as a result of the fair value of certain of our predecessor s reporting units falling below the carrying value.

(3) Includes non-cash compensation expense related to the issuance of equity-based awards.

(4) Other (income) expense primarily includes unrealized currency exchange gains and losses on cash balances denominated in foreign currencies and other miscellaneous items.

We use EBITDA and Adjusted EBITDA in our business operations to, among other things, evaluate the performance of our operating segments, develop budgets and measure our performance against those budgets, determine employee bonuses and evaluate our cash flows in terms of cash needs. We find these measures to be useful tools to assist us in evaluating financial performance because they eliminate items related to capital structure, taxes and certain non-cash charges. Our non-GAAP financial measures are not considered as alternatives to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other measure of financial performance calculated and presented in accordance with GAAP. Our non-GAAP financial measures may not be comparable to similarly-titled measures of other companies because they may not calculate such measures in the same manner as we do. We define EBITDA as net income or loss, plus interest expense, provision for income taxes, depreciation, amortization and accretion expense. We define Adjusted EBITDA as EBITDA minus equity earnings from unconsolidated affiliates, plus cash distributions received from unconsolidated affiliates, transaction costs, strategic inventory liquidation sales and inventory lower of cost or market adjustments, loss on prepayment of debt, impairment of goodwill, equity based compensation and other income and expense.

EBITDA and Adjusted EBITDA are commonly used as supplemental financial measures by management and external users of our financial statements, such as investors, commercial banks, research analysts and rating agencies, to assess: (1) our financial performance without regard to financing methods, capital structures or historical cost basis and other items that we do not believe are indicative of our core operating performance and (2) our ability to generate cash sufficient to pay interest and support our indebtedness. Since EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income or loss and because these measures may vary among other companies, the EBITDA and Adjusted EBITDA data presented in this prospectus may not be comparable to similarly titled measures of other companies. The GAAP measure most directly comparable to EBITDA and Adjusted EBITDA is net income (loss). The tables set forth above and below provide reconciliations of these non-GAAP financial measures to their most directly comparable financial measure calculated and presented in accordance with GAAP.

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EDGEN MURRAY II, L.P. (OUR PREDECESSOR)

SUMMARY FINANCIAL DATA

	YEAR ENDED DECEMBER 31,		
	2011	**2010**	**2009**
Statement of Operations (in thousands)			
Sales	$ 911,612	$ 627,713	$ 773,323
Gross profit (exclusive of depreciation and amortization)	134,504	90,906	100,728
Income (loss) from operations	38,384	(57,424)	9,899
Net loss	(24,528)	(98,288)	(20,889)

	DECEMBER 31,		
	2011	**2010**	**2009**
Balance Sheet Data (in thousands)			
Cash and cash equivalents	$ 26,218	$ 62,478	$ 65,733
Working capital	230,519	216,684	262,745
Property, plant and equipment net	45,510	49,287	43,342
Total assets	551,057	464,020	563,460
Long term debt and capital leases	500,741	479,811	483,503
Total deficit	(155,053)	(131,262)	(29,779)

	YEAR ENDED DECEMBER 31,		
	2011	**2010**	**2009**
Other Financial Data (in thousands)			
EBITDA	$ 64,521	$ (35,936)	$ 23,959
Adjusted EBITDA	62,577	26,661	70,564
Reconciliation of GAAP net income (loss) to non-GAAP EBITDA and non-GAAP Adjusted EBITDA			
NET LOSS	$ (24,528)	$ (98,288)	$ (20,889)
Income tax expense (benefit)	4,088	(22,125)	(22,373)
Interest expense net	63,870	64,208	47,085
Depreciation and amortization expense	21,091	20,269	20,136
EBITDA	64,521	$ (35,936)	$ 23,959
Strategic inventory liquidation sales (1)			12,656
Lower of cost or market adjustments to inventory (2)			22,469
Transaction costs (3)	905		3,339
Equity in earnings of unconsolidated affiliate (4)	(3,680)	(1,029)	
Distributions received from unconsolidated affiliate (4)	835		
Loss on prepayment of debt (5)			7,523
Impairment of goodwill (6)		62,805	
Equity based compensation (7)	1,362	1,011	2,065
Other (income) expense (8)	(1,366)	(190)	(1,447)

ADJUSTED EBITDA	$ 62,577	$ 26,661	$ 70,564

(1) The year ended December 31, 2009 includes a loss of $12.7 million due to strategic inventory liquidation (at prices below cost) of inventory primarily related to products for the North American midstream oil and natural gas market.

(2) The year ended December 31, 2009 includes an inventory write-down of $22.5 million related to selling prices falling below our predecessor s average cost of inventory in some of the markets it served.

(3) Transaction costs include $0.9 million for the year ended December 31, 2011 associated with this offering and $3.3 million for the year ended December 31, 2009 of accumulated registration costs expensed during the year.

(4) Represents adjustment for the equity in earnings and cash distributions received as a result of our predecessor s 14.5% ownership in B&L.

(5) Includes prepayment penalties and previously deferred debt issuance costs expensed as a result of the repayment of term loans during the year ended December 31, 2009.

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(6) The year ended December 31, 2010 includes a goodwill impairment charge of $62.8 million as a result of the fair value of certain of our predecessor s reporting units falling below the carrying value.

(7) Includes non-cash compensation expense related to the issuance of equity based awards.

(8) Other (income) expense primarily includes unrealized currency exchange gains and losses on cash balances denominated in foreign currencies and other miscellaneous items.

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RISK FACTORS

An investment in our Class A common stock involves a significant degree of risk, including the risks described below. You should carefully consider the following risk factors and the other information in this prospectus before deciding to invest in our Class A common stock. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our common stock could decline and you may lose all or part of your original investment.

Risks relating to our business

Volatility in the global energy infrastructure market, and, in particular, a significant decline in oil and natural gas prices and refining margins, has in the past reduced, and could in the future reduce, the demand for our products, which could cause our sales and margins to decrease.

Proceeds from the sale of products to the global energy infrastructure market constitute a significant portion of our sales. As a result, we depend upon the global energy infrastructure market, and in particular the oil and natural gas industry, and upon the ability and willingness of industry participants to make capital expenditures to explore for, develop and produce, transport, process and refine oil and natural gas. The industry s willingness to make these expenditures depends largely upon the availability of attractive drilling prospects, regulatory requirements and limitations, the prevailing view of future oil and natural gas prices, refinery margins and general economic conditions. As we experienced in 2009, 2010 and continuing into 2011, volatile oil and natural gas prices can lead to variable capital expenditures and infrastructure project spending by industry participants, which in turn can affect the demand for our products. Further sustained decreases in capital expenditures in the oil and natural gas industry could have a material adverse effect on our business, financial condition and results of operations. Many factors affect the supply of and demand for oil and natural gas and refined products, thereby affecting our sales and margins, including:

- the level of U.S. and worldwide oil and natural gas production;
- the level of U.S. and worldwide supplies of, and demand for, oil, natural gas and refined products;
- the discovery rates of new oil and natural gas resources;
- the expected cost of delivery of oil, natural gas and refined products;
- the availability of attractive oil and natural gas fields for production, which may be affected by governmental action or environmental policy, which may restrict exploration and development prospects;
- U.S. and worldwide refinery utilization rates;
- the amount of capital available for development and maintenance of oil, natural gas and refined products infrastructure;
- changes in the cost or availability of transportation infrastructure and pipeline capacity;
- levels of oil and natural gas exploration activity;

- national, governmental and other political requirements, including the ability of the Organization of the Petroleum Exporting Countries to set and maintain production levels and pricing;
- the impact of political instability, terrorist activities, piracy or armed hostilities involving one or more oil and natural gas producing nations;
- pricing and other actions taken by competitors that impact the market;
- the failure by industry participants to implement planned capital projects successfully or to realize the benefits expected for those projects;
- the cost of, and relative political momentum in respect of, developing alternative energy sources;
- U.S. and non-U.S. governmental laws and regulations, especially anti-bribery law enforcement in underdeveloped nations, environmental and safety laws and regulations (including mandated changes in fuel consumption and specifications), trade laws, commodities and derivatives trading regulations and tax policies;
- technological advances in the oil and natural gas industry;
- natural disasters, including hurricanes, tsunamis, earthquakes and other weather-related events; and
- the overall global economic environment.

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Oil and natural gas prices and processing and refining margins have been and are expected to remain volatile. This volatility may cause our customers to change their strategies and capital expenditure levels. We are experiencing, have experienced in the past and may experience in the future, significant fluctuations in our business, financial condition and results of operations based on these changes. In particular, such continued volatility in the oil, natural gas and refined products margins and markets more generally could materially and adversely affect our business, consolidated financial condition, results of operations and liquidity.

The prices we pay and charge for steel products, and the availability of steel products generally, may fluctuate due to a number of factors beyond our control, which could materially and adversely affect the value of our inventory, business, financial condition, results of operations and liquidity.

We purchase large quantities of steel products from our suppliers for distribution to our customers. The steel industry as a whole is cyclical and at times pricing and availability of these products change depending on many factors outside of our control, such as general global economic conditions, competition, consolidation of steel producers, cost and availability of raw materials necessary to produce steel (such as iron ore, coking coal and steel scrap), production levels, labor costs, freight and shipping costs, natural disasters, political instability, import duties, tariffs and other trade restrictions, currency fluctuations and surcharges imposed by our suppliers.

We seek to maintain our profit margins by attempting to increase the prices we charge for our products in response to increases in the prices we pay for them. However, demand for our products, the actions of our competitors, our contracts with certain of our customers and other factors largely out of our control will influence whether, and to what extent, we can pass any such steel cost increases and surcharges on to our customers. We may be unable to pass increased supply costs on to our customers because a portion of our sales are derived from stocking program arrangements, contracts and MRO arrangements which provide certain customers time limited price protection, which may obligate us to sell products at a set price for a specific period or because of general competitive conditions. If we are unable to pass on higher costs and surcharges to our customers, or if we are unable to do so in a timely manner, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

Alternatively, if the price of steel decreases significantly or if demand for our products decreases because of increased customer, manufacturer or distributor inventory levels of specialty steel pipe, pipe components, high yield structural steel products and valves, we may be required to reduce the prices we charge for our products to remain competitive. These factors may affect our gross profit and cash flow and may also require us to write-down the value of inventory on hand that we purchased prior to the steel price decreases, which could materially and adversely affect our business, financial condition, results of operations and liquidity. For example, on a pro forma basis, we had inventory write-downs of $61.7 million for the year ended December 31, 2009, related to selling prices falling below the average cost of inventory in some of the markets we serve, including the U.S. and the Middle East. Although neither our predecessor nor B&L had any material inventory write-downs during the years ended December 31, 2011 and 2010, there can be no assurances such write-downs will not occur in the future.

Our business could also be negatively impacted by the importation of lower-cost specialty steel products into the U.S. market. An increase in the level of imported lower-cost products could adversely affect our business to the extent that we then have higher-cost products in inventory or if prices and margins are driven down by increased supplies of such products. These events could also have a material adverse effect on our profit margins and results of operations. These risks may be heightened if recently imposed tariffs on certain imported competing products and OCTG are reduced, eliminated or allowed to expire.

In addition, the domestic metals production industry has experienced consolidation in recent years. Further consolidation could result in a decrease in the number of our major suppliers or a decrease in the number of alternative supply sources available to us, which could make it more likely that termination of one or more of our relationships with major suppliers would result in a material adverse effect on our business, financial condition, results of operations or cash flows. Consolidation could also result in price increases for the products that we purchase. Such price increases could have a material adverse effect on our business, financial condition, results of operations or cash flows if we were not able to pass these price increases on to our customers.

We may experience unexpected supply shortages.

We distribute products from a wide variety of vendors and suppliers. In the future we may have difficulty obtaining the products we need from suppliers and manufacturers as a result of unexpected demand or production difficulties. Also, products may not be available to us in quantities sufficient to meet customer demand. Failure to fulfill customer orders in a timely manner could have an adverse effect on our relationships with these customers. Our inability to obtain products from suppliers and manufacturers in sufficient quantities to meet demand could have a material adverse effect on our business, results of operations and financial condition.

We maintain an inventory of products for which we do not have firm customer orders. As a result, if prices or sales volumes decline, our profit margins and results of operations could be adversely affected.

Our profitability, margins and cash flows may be negatively affected if we are unable to sell our inventory in a timely manner. Because we maintain substantial inventories of specialty steel products for which we do not have firm customer orders, there is a risk that we will be unable to sell our existing inventory at the volumes and prices we expect. For example, the value of our inventory could decline if the prices we are able to charge our customers decline. In that case, we may experience reduced margins or losses as we dispose of higher-cost products at reduced market prices. For instance, during the year ended December 31, 2009, our predecessor incurred losses of $12.7 million due to strategic inventory liquidation (at prices below cost) of inventory related primarily to products for the North American midstream oil and natural gas market. Although neither our predecessor nor B&L incurred significant losses related to inventory liquidation during the years ended December 31, 2011 and 2010, there can be no assurance that such losses will not occur in the future.

Our ten largest customers account for a substantial portion of our sales and profits, and the loss of any of these customers could result in materially decreased sales and profits.

Our ten largest customers accounted for approximately 35% of our pro forma sales for the year ended December 31, 2011. We may lose a customer for any number of reasons, including as a result of a merger or acquisition, the selection of another provider of specialty steel products, business failure or bankruptcy of the customer or dissatisfaction with our performance. Consistent with industry practice, we do not have long-term contracts with most of our major customers. Additionally our customers with whom we do not have fixed-term contracts have the ability to terminate their relationships with us at any time. Moreover, to the extent we have contracts with our major customers, these contracts generally may be discontinued with 30 days notice by either party, are not exclusive and do not require minimum levels of purchases. Loss of any of our major customers could adversely affect our business, results of operations and cash flow.

Our business is sensitive to economic downturns and adverse credit market conditions, which could adversely affect our business, financial condition, results of operations and liquidity.

Aspects of our business, including demand for and availability of our products, are dependent on, among other things, the state of the global economy and adverse conditions in the global credit markets. Our business has been affected in the past and may be affected in the future by the following:

- our customers reducing or eliminating capital expenditures as a result of reduced demand from their customers;
- our customers not being able to obtain sufficient funding at a reasonable cost or at all as a result of tightening credit markets, which may result in delayed or cancelled projects or maintenance expenditures;
- our customers not being able to pay us in a timely manner, or at all, as a result of declines in their cash flows or available credit;
- experiencing supply shortages for certain products if our suppliers reduce production as a result of reduced demand for their products or as a result of limitations on their ability to access credit for their operations;

- experiencing tighter credit terms from our suppliers, which could increase our working capital needs and potentially reduce our liquidity; and

- the value of our inventory declining if the sales prices we are able to charge our customers decline.

As a result of these and other effects, economic downturns such as the one we recently experienced have, and could in the future, materially and adversely affect our business, financial condition, results of operations and liquidity.

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In addition, market disruptions, such as the recent global economic recession, could adversely affect the creditworthiness of lenders under our debt facilities. Any reduced credit availability under our credit facilities could require us to seek other forms of liquidity through financing in the future and the availability of such financing will depend on market conditions prevailing at that time.

We rely on our suppliers to meet the required specifications for the products we purchase from them, and we may have unreimbursed losses arising from our suppliers failure to meet such specifications.

We rely on our suppliers to provide mill certifications that attest to the specifications and physical and chemical properties of the steel products that we purchase from them for resale. We generally do not undertake independent testing of any such steel but rely on our customers or assigned third-party inspection services to notify us of any products that do not conform to the specifications certified by the mill or equipment fabricators. We may be subject to customer claims and other damages if products purchased from our suppliers are deemed to not meet customer specifications. These damages could exceed any amounts that we are able to recover from our suppliers or under our insurance policies. Failure to provide products that meet our customer s specifications would adversely affect our relationship with such customer, which could negatively impact our business and results of operations.

Loss of key suppliers could decrease our sales volumes and overall profitability.

For the year ended December 31, 2011, our ten largest suppliers accounted for approximately 65% of our pro forma purchases and our single largest supplier accounted for approximately 26% of our pro forma purchases. Consistent with industry practice, we do not have long-term contracts with most of our suppliers. Therefore, most of our suppliers have the ability to terminate their relationships with us or reduce their planned allocations of product to us at any time. The loss of any of these suppliers due to merger or acquisition, business failure, bankruptcy or other reason could put us at a competitive disadvantage by decreasing the availability or increasing the prices, or both, of products we distribute, which in turn could result in a decrease in our sales volumes and overall profitability.

Loss of third-party transportation providers upon which we depend, failure of such third-party transportation providers to deliver high quality service or conditions negatively affecting the transportation industry could increase our costs and disrupt our operations.

We depend upon third-party transportation providers for delivery of products to our customers. Shortages of transportation vessels, transportation disruptions or other adverse conditions in the transportation industry due to shortages of truck drivers, strikes, slowdowns, piracy, terrorism, disruptions in rail service, closures of shipping routes, unavailability of ports and port service for other reasons, increases in fuel prices and adverse weather conditions could increase our costs and disrupt our operations and our ability to deliver products to our customers on a timely basis. We cannot predict whether or to what extent any of these factors would affect our costs or otherwise harm our business. In addition, the failure of our third-party transportation providers to provide high quality customer service when delivering product to our customers would adversely affect our reputation and our relationship with our customers and could negatively impact our business and results of operations.

Significant competition from a number of companies could reduce our market share and have an adverse effect on our selling prices, sales volumes and results of operations.

We operate in a highly competitive industry and compete against a number of other market participants, some of which have significantly greater financial, technological and marketing resources than we do. We compete primarily on the basis of pricing, availability of specialty products and customer service. We may be unable to compete successfully with respect to these or other competitive factors. If we fail to compete effectively, we could lose market share to our competitors. Moreover, our competitors actions could have an adverse effect on our selling prices and sales volume. To compete for customers, we may elect to lower selling prices or offer increased services at a higher cost to us, each of which could reduce our sales, margins and earnings. There can be no assurance that we will be able to compete successfully in the future, and our failure to do so could adversely affect our business, results of operations and financial condition.

Loss of key management or sales and customer service personnel could harm our business.

Our future success depends to a significant extent on the skills, experience and efforts of management. While we have not experienced problems in the past attracting and retaining members of our management team, the loss of any or all of these individuals could materially and adversely affect our business. We do not carry key-man life insurance on any member of management other than a policy inherited by us for our Chief Operating Officer, Craig S. Kiefer. We must continue to develop and retain a core group of individuals if we are to realize our goal of continued expansion and growth. We cannot assure you that we will be able to do so in the future.

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Because of the specialized nature of our products and services, generally only highly qualified and trained sales and customer service personnel have the necessary skills to market our products and provide product support to our customers. Such employees develop relationships with our customers that could be damaged or lost if these employees are not retained. We face intense competition for the hiring of these professionals. Any failure on our part to hire, train and retain a sufficient number of qualified sales and customer service personnel could materially and adversely affect our business. In particular, our efforts to continue expansion internationally will be dependent on our ability to continue to hire and train a skilled and knowledgeable sales force to attract customers in these markets. In addition, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. The actual occurrence of any of these events could appreciably increase our cost structure and, as a result, materially impair our growth potential and our results of operations.

The development of alternatives to steel product distributors in the supply chain in the industries in which we operate could cause a decrease in our sales and results of operations and limit our ability to grow our business.

If our customers were to acquire or develop the capability and desire to purchase products directly from our suppliers in a competitive fashion, it would likely reduce our sales volume and overall profitability. Our suppliers also could expand their own local sales forces, marketing capabilities and inventory stocking capabilities and sell more products directly to our customers. Likewise, customers could purchase from our suppliers directly in situations where large orders are being placed and where inventory and logistics support planning are not necessary in connection with the delivery of the products. These and other actions that remove us from, limit our role in, or reduce the value that our services provide in the distribution chain could materially and adversely affect our business, financial condition and results of operations.

Our customers that are pursuing unconventional or offshore oil and natural gas resources, or that are using new drilling and extraction technologies, such as horizontal drilling and hydraulic fracturing, could face regulatory, political and economic challenges that may result in increased costs and additional operating restrictions or delays as well as adversely affect our business and operating results.

The pursuit of unconventional oil and natural gas resources, the expansion of offshore drilling and exploration, as well as new drilling and extraction technologies, including hydraulic fracturing and horizontal drilling, have received significant regulatory and political focus. Hydraulic fracturing is an essential technology for the development and production of unconventional oil and natural gas resources. The hydraulic fracturing process in the U.S. is typically subject to state and local regulation, and has been exempt from federal regulation since 2005 pursuant to the federal Safe Drinking Water Act (except when the fracturing fluids or propping agents contain diesel fuels). Public concerns have been raised regarding the potential impact of hydraulic fracturing on drinking water. Two companion bills, known collectively as the Fracturing Responsibility and Awareness of Chemicals Act, or FRAC Act, have been introduced before the U.S. Congress that would repeal the Safe Drinking Water Act exemption and otherwise restrict hydraulic fracturing. If enacted, the FRAC Act could result in additional regulatory burdens such as permitting, construction, financial assurance, monitoring, recordkeeping and plugging and abandonment requirements. The FRAC Act also proposes requiring the disclosure of chemical constituents used in the hydraulic fracturing process to state or federal regulatory authorities, who would then make such information publicly available. Several states have enacted similar chemical disclosure regulations. The availability of this information could make it easier for third parties to initiate legal proceedings based on allegations that specific chemicals used in the hydraulic fracturing process could adversely affect groundwater.

The United States Environmental Protection Agency, or the EPA, is conducting a comprehensive study of the potential environmental impacts of hydraulic fracturing activities, and a committee of the House of Representatives is also conducting an investigation of hydraulic fracturing practices. In August and November 2011, the United States Department of Energy Shale Gas Subcommittee, or DOE, issued two reports on measures that can be taken to reduce the potential environmental impacts of shale gas production. The results of the DOE and EPA studies and House investigation could lead to restrictions on hydraulic fracturing. The EPA is currently working on new interpretive guidance for Safe Drinking Water Act permits that would be required with respect to the oil and natural gas wells that use fracturing fluids or propping agents containing diesel fuels. The EPA has proposed regulations under the federal Clean Air Act in July 2011 regarding certain criteria and hazardous air pollutant emissions from the hydraulic fracturing of oil and natural gas wells and, in October 2011, announced its intention to propose regulations by 2014 under the federal Clean Water Act to regulate wastewater discharges from hydraulic fracturing

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and other gas production. In addition, various state and local governments, as well as the United States Department of Interior and certain river basin commissions, have taken steps to increase regulatory oversight of hydraulic fracturing through additional permit requirements, operational restrictions, disclosure obligations and temporary or permanent bans on hydraulic fracturing in certain local jurisdictions or in environmentally sensitive areas such as watersheds. Any future federal, state or local laws or regulations imposing reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells in certain formations. Any decrease in drilling activity resulting from the increased regulatory restrictions and costs associated with hydraulic fracturing, or any permanent, temporary or regional prohibition of the uses of this technology, could adversely affect demand for our products and our results of operations.

In addition to regulatory challenges facing hydraulic fracturing, the process of extracting hydrocarbons from shale formations requires access to water, chemicals and proppants. If any of these necessary components of the fracturing process is in short supply in a particular operating area or in general, the pace of drilling could be slowed, which could reduce demand for the products we distribute.

Another source of oil and natural gas resources facing increased regulation is offshore drilling and exploration. The April 2010 Deepwater Horizon accident in the Gulf of Mexico and its aftermath resulted in increased public scrutiny, including a moratorium on offshore drilling in the U.S. While the moratorium has been lifted, there has been a delay in resuming operations related to drilling offshore in areas impacted by the moratorium, and we cannot assure you that operations related to drilling offshore in such areas will reach the same levels that existed prior to the moratorium or that a future moratorium may not arise. In addition, this event has resulted in new and proposed legislation and regulation in the U.S. of the offshore oil and natural gas industry, which may result in substantial increases in costs or delays in drilling or other operations in U.S. waters, oil and natural gas projects potentially becoming less economically viable and reduced demand for our products and services. Other countries in which we operate may also consider moratoriums or increase regulation with respect to offshore drilling. If future moratoriums or increased regulations on offshore drilling or contracting services operations arose in the U.S. or other countries, our customers could be required to cease their offshore drilling activities or face higher operating costs in those areas. These events and any other regulatory and political challenges with respect to unconventional oil and natural gas resources and new drilling and extraction technologies could reduce demand for our products and materially and adversely affect our business and operating results.

Changes in the payment terms we receive from our suppliers could have a material adverse effect on our liquidity.

The payment terms we receive from our suppliers are dependent on several factors, including, but not limited to, our payment history with the supplier, the supplier s credit granting policies, contractual provisions, our credit profile, industry conditions, global economic conditions, our recent operating results, financial position and cash flows and the supplier s ability to obtain credit insurance on amounts that we owe them. Adverse changes in any of these factors, many of which may not be wholly in our control, may induce our suppliers to shorten the payment terms of their invoices. For example, as a result of the worldwide economic recession and its impact on steel demand and prices, some of our suppliers have experienced a reduction in trade credit insurance available to them for sales to foreign accounts. This reduction in trade credit insurance has resulted in certain suppliers reducing the available credit they grant to us and/or requiring other forms of credit support, including letters of credit and payment guarantees under the revolving credit facility available to EMC and certain of EM II LP s non-U.S. subsidiaries, which we refer to as the EM revolving credit facility. Providing this credit support decreases availability under this credit facility. Since we incur costs for trade finance instruments under our revolving credit facilities, this trend has increased our borrowing costs, although not significantly. Given the large amounts and volume of our purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers, and consequently may have a material adverse effect on our business, results of operations and financial condition.

We are a holding company with no revenue generating operations of our own. We depend on the performance of our subsidiaries and their ability to make distributions to us.

We are a holding company with no business operations, sources of income or assets of our own other than our ownership interests in our subsidiaries. Because all of our operations are conducted by our subsidiaries, our cash flow and our ability to repay debt that we currently have and that we may incur after this offering and our ability to pay dividends to our stockholders are dependent upon cash dividends and distributions or other transfers from our

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subsidiaries. Payment of dividends, distributions, loans or advances by our subsidiaries to us are subject to restrictions imposed by our revolving credit agreements and the indenture governing the EMC senior secured notes. Our revolving credit agreements also limit our ability to allocate cash flow or resources among certain subsidiaries. See Management s Discussion and Analysis of Financial Conditions and Results of Operations Liquidity and Capital Resources Debt. In addition, payments or distributions from our subsidiaries could be subject to restrictions on dividends or repatriation of earnings, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate. In particular, EMGH Limited, our principal U.K. subsidiary, may under English law only pay dividends out of distributable profits.

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization of any such subsidiary, or to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary s creditors, including trade creditors and holders of debt issued by that subsidiary.

Risks generally associated with acquisitions, including identifying and integrating future acquisitions, could adversely affect our growth strategy.

A key element of our growth strategy has been, and is expected to be, the pursuit of acquisitions of other businesses that either expand or complement our global platform. However, we cannot assure you that we will be able to consummate future acquisitions on favorable terms, if at all, because of uncertainty in respect of competition for such acquisitions, availability of financial resources or regulatory approval or other reasons. Additionally, we cannot assure you that we will be able to identify additional acquisitions or that we would realize any anticipated benefits from such acquisitions. Integrating businesses involves a number of risks, including the possibility that management may be distracted from regular business concerns by the need to integrate operations, unforeseen difficulties in integrating operations and systems, problems concerning assimilating and retaining the employees of the acquired business, accounting issues that arise in connection with the acquisition, including amortization of acquired assets, challenges in retaining customers, assumption of known or unknown material liabilities or regulatory non-compliance issues and potentially adverse short-term effects on cash flow or operating results. Acquired businesses may require a greater amount of capital, infrastructure or other spending than we anticipate. In addition, we may incur debt to finance future acquisitions, which could increase our leverage. Further, we may face additional risks to the extent that we make acquisitions of international companies or involving international operations, including, among other things, compliance with foreign regulatory requirements, political risks, difficulties in enforcement of third-party contractual obligations and integration of international operations with our domestic operations. If we are unable to successfully complete and integrate strategic acquisitions in a timely manner, our growth strategy could be adversely impacted.

Our global operations, in particular those in emerging markets, are subject to various risks which could have a material adverse effect on our business, results of operations and financial condition.

Our business is subject to certain risks associated with doing business globally, particularly in emerging markets. Our sales outside of the U.S. represented approximately 21% and 19% of our pro forma sales for the years ended December 31, 2011 and 2010, respectively. One of our growth strategies is to pursue opportunities for our business in a variety of geographies outside the U.S., which could be adversely affected by the risks set forth below. Our operations are subject to risks associated with the political, regulatory and economic conditions of the countries in which we operate, such as:

- the burden of complying with multiple and possibly conflicting laws and any unexpected changes in regulatory requirements, including those disrupting purchasing and distribution capabilities;
- foreign currency exchange controls, import and export restrictions and tariffs, including restrictions promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, and other trade protection regulations and measures;
- political risks, including risks of loss due to civil disturbances, acts of terrorism, acts of war, piracy, guerilla activities and insurrection;
- unstable economic, financial and market conditions and increased expenses as a result of inflation, or higher interest rates;

- difficulties in enforcement of third-party contractual obligations and collecting receivables through foreign legal systems;

- foreign governmental regulations that favor or require the awarding of contracts to local contractors or by regulations requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction;
- difficulty in staffing and managing international operations and the application of foreign labor regulations;
- workforce uncertainty in countries where labor unrest is more common than in the U.S.;
- differing local product preferences and product requirements;
- fluctuations in currency exchange rates to the extent that our assets or liabilities are denominated in a currency other than the functional currency of the country where we operate;
- potentially adverse tax consequences from changes in tax laws, requirements relating to withholding taxes on remittances and other payments by subsidiaries and restrictions on our ability to repatriate dividends from our subsidiaries;
- exposure to liabilities under anti-corruption and anti-money laundering laws and regulations, including the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act 2010 and similar laws and regulations in other jurisdictions; and
- enhanced costs associated with complying with increasing anti-corruption and anti-money laundering governmental regulation.

Any one of these factors could materially adversely affect our sales of products or services to global customers or harm our reputation, which could materially adversely affect our business, results of operations and financial condition.

Exchange rate fluctuations could adversely affect our results of operations and financial position.

In the ordinary course of our business, we enter into purchase and sales commitments that are denominated in currencies that differ from the functional currency used by our operating subsidiaries. Currency exchange rate fluctuations can create volatility in our consolidated financial position, results of operations and/or cash flows. Although we may enter into foreign exchange agreements with financial institutions in order to reduce our exposure to fluctuations in currency exchange rates, these transactions, if entered into, will not eliminate that risk entirely. To the extent that we are unable to match sales received in foreign currencies with expenses paid in the same currency, exchange rate fluctuations could have a negative impact on our consolidated financial position, results of operations and/or cash flows. Additionally, because our consolidated financial results are reported in U.S. dollars, if we generate net sales or earnings within entities whose functional currency is not the U.S. dollar, the translation of such amounts into U.S. dollars can result in an increase or decrease in the amount of our net sales or earnings. With respect to our potential exposure to foreign currency fluctuations and devaluations, for the year ended December 31, 2011, approximately 21% of our pro forma sales originated from subsidiaries outside of the U.S. in currencies including, among others, the pound sterling, euro and U.S. dollar. As a result, a material decrease in the value of these currencies may have a negative impact on our reported sales, net income and cash flows. Any currency controls implemented by local monetary authorities in countries where we currently operate could adversely affect our business, financial condition and results of operations.

Due to the global nature of our business, we could be adversely affected by violations of the FCPA, similar anti-bribery laws in other jurisdictions in which we operate, and various international trade and export laws.

The global nature of our business creates various domestic and local regulatory challenges. FCPA, and similar anti-bribery laws in other jurisdictions generally prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The U.K. Bribery Act 2010 prohibits certain entities from making improper payments to governmental officials and to commercial entities. Our policies mandate compliance with these and other anti-bribery laws. We operate in many parts of the world that experience corruption by government officials to some degree and, in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our global operations require us to import and export to and from myriad countries, which geographically stretches our compliance obligations. To help ensure compliance, our anti-bribery policy and training on a global basis provide our employees with procedures, guidelines and information about anti-bribery obligations and compliance. Further, we require our partners, subcontractors, agents and others who work for us or on our behalf to comply with anti-bribery laws. We also have procedures and controls in place designed to ensure internal and external compliance. However, such anti-bribery policy, training, internal controls and procedures will not always protect us from reckless, criminal or unintentional acts committed by our employees, agents or other persons associated with us. If we are found to be in violation of the FCPA, the U.K.

Bribery Act 2010 or other anti-bribery laws (either due to acts or inadvertence of our employees, or due to the acts or inadvertence of others), we could suffer criminal or civil penalties or other sanctions, which could have a material adverse effect on our business.

Hurricanes or other adverse weather events could negatively affect our local economies or disrupt our operations, which could have an adverse effect on our business or results of operations.

Our geographic market areas in the southeastern U.S. and APAC are susceptible to tropical storms, or, in more severe cases, hurricanes and typhoons, respectively. Such weather events can disrupt our operations or those of our customers or suppliers, result in damage to our properties and negatively affect the local economies in which we operate. Additionally, we may experience communication disruptions with our customers, suppliers and employees.

We cannot predict whether, or to what extent, damage caused by future hurricanes and tropical storms will affect our operations or the economies in those market areas. Such weather events could result in a disruption of our purchasing and distribution capabilities, an interruption of our business that exceeds our insurance coverage, our inability to collect from customers, the inability of our suppliers to provide product, the inability of third-party transportation providers to deliver product and increased operating costs. Our business or results of operations may be adversely affected by these and other negative effects of hurricanes or other adverse weather events.

Our sales backlog is subject to unexpected fluctuations, adjustments and cancellations and may not be a reliable indicator of our future earnings.

Our sales backlog represents management s estimate of potential future revenues that may result from contracts or orders currently awarded to us by our customers. Sales backlog is determined by the amount of undelivered third party customer purchase orders and may be revised upward or downward, or cancelled by our customers in certain instances. There can be no assurance that sales backlog will ultimately be realized as revenue, or that we will earn a profit on any of our sales backlog. Realization of revenue from our sales backlog is dependent on, among other things, our ability to fulfill purchase orders and transfer title to customers, which is in turn dependent on a number of factors, including our ability to obtain products from our suppliers. Further, because of the project nature of our business, sales orders and sales backlog can vary materially from period to period.

We rely on our information technology systems to manage numerous aspects of our business and customer and supplier relationships, and a disruption of these systems could adversely affect our business, financial condition and results of operations.

We depend on our information technology, or IT, systems to manage numerous aspects of our business transactions and provide analytical information to management. Our IT systems allow us to efficiently purchase products from our suppliers, provide procurement and logistics services, ship products to our customers on a timely basis, maintain cost-effective operations and provide superior service to our customers. Our IT systems are an essential component of our business and growth strategies, and a disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss, including as a result of natural disasters, computer system and network failures, loss of telecommunications services, operator negligence, loss of data, security breaches and computer viruses. Any such disruption could adversely affect our competitive position and thereby our business, financial condition and results of operations.

Our operations and those of our customers are subject to environmental laws and regulations. Liabilities or claims with respect to environmental matters could materially and adversely affect our business.

Our operations and those of our customers are subject to extensive and frequently changing federal, state, local and foreign laws and regulations relating to the protection of human health and the environment, including those limiting the discharge and release of pollutants into the environment and those regulating the transport, use, treatment, storage, disposal and remediation of, and exposure to, hazardous materials, substances and wastes. Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of fines and penalties, imposition of remedial requirements and the issuance of orders enjoining future operations or imposing additional compliance requirements on such operations. In addition, certain environmental laws can impose strict, joint and several liability without regard to fault on responsible parties, including past and present owners and operators of sites, related to cleaning up sites at which hazardous wastes or materials were disposed or released even if the disposals or releases were in compliance with applicable law at the time of those actions.

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Our customers operate primarily in the upstream, midstream and downstream end-markets for oil and natural gas, each of which is highly regulated due to high level of perceived environmental risk. Liability under environmental laws and regulations could result in cancellation of or reduction in future oil and natural gas related activity. Future events, such as the discovery of currently unknown contamination or other matters, spills caused by future pipeline ruptures, changes in existing environmental laws and regulations or their interpretation and more vigorous enforcement policies by regulatory agencies, may give rise to additional expenditures or liabilities for our operations or those of our customers, which could impair our operations and adversely affect our business and results of operations.

In addition, various current and likely future federal, state, local and foreign laws and regulations could regulate climate change and the emission of greenhouse gases, particularly carbon dioxide and methane. Future climate change regulation could reduce demand for the use of fossil fuels, which could adversely impact the operations of our customers. We cannot predict the impact that such regulation may have, or that climate change may otherwise have, on our business.

Increased regulatory focus on worker safety and health, including pipeline safety, could subject us and our customers to significant liabilities and compliance expenditures.

Companies undertaking oil and natural gas extraction, processing and transmission infrastructure across the upstream, midstream and downstream end-markets are facing increasingly strict safety requirements as they manage and build infrastructure. As a result, our operations and those of our customers are subject to increasingly strict federal, state, local and foreign laws and regulations governing worker safety and employee health, including pipeline safety and exposure to hazardous materials. Future environmental and safety compliance could require the use of more specialized products and higher rates of maintenance, repair and replacement to ensure the integrity of our customers facilities. The Pipeline Inspection, Protection, Enforcement and Safety Act has established a regulatory framework that mandates comprehensive testing and replacement programs for transmission lines across the U.S. Pipeline safety is subject to state regulation as well as by the Pipeline and Hazardous Materials Safety Administration of the United States Department of Transportation, which, among other things, regulates natural gas and hazardous liquid pipelines. The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 bill that would further enhance federal regulation of pipeline safety passed Congress in December 2011. From time to time, administrative or judicial proceedings or investigations may be brought by private parties or government agencies, or stricter enforcement could arise, with respect to pipeline safety and employee health matters. Such proceedings or investigations, stricter enforcement or increased regulation of pipeline safety could result in fines or costs or a disruption of our operations and those of our customers, all of which could adversely affect our business and results of operations.

We could be subject to personal injury, property damage, product liability, warranty, environmental and other claims involving allegedly defective products that we distribute.

The products we distribute are often used in potentially hazardous applications that could result in death, personal injury, property damage, environmental damage, loss of production, punitive damages and consequential damages. Actual or claimed defects in the products we distribute may result in our being named as a defendant in lawsuits asserting potentially large claims despite our not having manufactured the products alleged to have been defective. We may offer warranty terms that exceed those of the supplier, or we and the supplier may be financially unable to cover the losses and damages caused by any defective products that it manufactured and we distributed. Finally, the third-party supplier may be in a jurisdiction where it is impossible or very difficult to enforce our rights to obtain contribution in the event of a claim against us.

We may not have adequate insurance for potential liabilities.

In the ordinary course of business, we may be subject to various product and non-product related claims, laws and administrative proceedings seeking damages or other remedies arising out of our commercial operations. We maintain insurance to cover our potential exposure for most claims and losses. However, our insurance coverage is subject to various exclusions, self-retentions and deductibles, may be inadequate or unavailable to protect us fully, and may be canceled or otherwise terminated by the insurer. Furthermore, we face the following additional risks under our insurance coverage:

- we may not be able to continue to obtain insurance coverage on commercially reasonable terms, or at all;

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- we may be faced with types of liabilities that are not covered under our insurance policies, such as damages from environmental contamination or terrorist attacks, and that exceed any amounts we may have reserved for such liabilities;
- the amount of any liabilities that we may face may exceed our policy limits and any amounts we may have reserved for such liabilities; and
- we may incur losses resulting from interruption of our business that may not be fully covered under our insurance policies.

Even a partially uninsured claim of significant size, if successful, could materially and adversely affect our business, financial condition, results of operations and liquidity. However, even if we successfully defend ourselves against any such claim, we could be forced to spend a substantial amount of money in litigation expenses, our management could be required to spend valuable time in the defense against these claims and our reputation could suffer, any of which could harm our business and financial condition.

Our internal controls over financial reporting may not be effective, which could have a significant and adverse effect on our business and reputation.

We are evaluating our internal controls over financial reporting in order to allow management to report on the design and operational effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and rules and regulations of the Securities and Exchange Commission, or SEC, thereunder, which we refer to as Section 404. We are in the process of documenting and initiating tests of our internal control procedures in order to satisfy the requirements of Section 404, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. During the course of our testing, we may identify deficiencies which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. We are required to comply with the requirements of Section 404 for our fiscal year ending December 31, 2013. In addition, if we fail to achieve and maintain the adequacy of our internal controls over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could adversely affect our results of operations.

We may incur asset impairment charges for goodwill and other indefinite lived intangible assets, which would result in lower reported net income (or higher net losses).

Under accounting principles generally accepted in the U.S., we are required to evaluate our goodwill and other indefinite lived intangible assets for impairment at least annually, and additionally whenever a triggering event occurs that indicates the carrying value may not be recoverable.

During 2010, we performed an interim goodwill impairment analysis that indicated the book value of goodwill for our predecessor s Americas and United Arab Emirates (UAE) reporting units exceeded their estimated fair value. As a result, our predecessor recorded an impairment charge of $62.8 million, which is reflected in its statement of operations for the year ended December 31, 2010. At December 31, 2011, there was no goodwill balance remaining at our predecessor s Americas and UAE reporting units after this impairment charge and a total of $23.0 million of goodwill remained in our predecessor s U.K. and Singapore reporting units. In connection with the performance of the interim goodwill impairment analysis, tradenames and trademarks were also tested for impairment and no impairment was recorded by our predecessor as the fair value of the tradenames and trademarks exceeded their carrying value at the review date. At December 31, 2011, the book value of tradenames and trademarks on our pro forma balance sheet was $21.4 million and there were no impairment charges recorded by our predecessor or B&L during the year ended December 31, 2011.

In assessing the recoverability of our goodwill and other indefinite lived intangible assets, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. Any

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significant changes to any of these assumptions or factors could have a material impact on the results of our goodwill impairment analysis. If goodwill is determined to be impaired for any of our reporting units now or in the future, a non-cash charge would be required. Any such charge would result in lower reported net income (or higher net losses)

Risks related to our existing indebtedness

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to make payments on our indebtedness depends on our ability to generate cash in the future. Subsequent to the Reorganization, we expect that the EMC senior secured notes, our credit facilities and our other outstanding indebtedness will account for significant cash interest expense in 2012 and subsequent years. Accordingly, we will have to generate significant cash flow from operations solely to meet our debt service requirements. If we do not generate sufficient cash flow to meet our debt service and working capital requirements, we may need to seek additional financing; however, this insufficient cash flow may make it more difficult for us to obtain financing on terms that are acceptable to us, or at all. Furthermore, none of EM II LP, B&L or their respective members or affiliates, including JCP, has any obligation to provide us with debt or equity financing, and we therefore may be unable to generate sufficient cash to service all of our indebtedness.

We may need additional capital in the future and it may not be available on acceptable terms.

We may require additional capital in the future to do the following:

- fund our operations;
- finance investments in equipment and infrastructure needed to maintain and expand our distribution capabilities;
- enhance and expand the range of products and services we offer;
- respond to potential strategic opportunities, such as investments, acquisitions and expansion; and
- service or refinance our indebtedness.

Because of our high level of outstanding indebtedness, additional financing may not be available on terms favorable to us, or at all. The terms of available financing may restrict our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could adversely affect our ability to compete.

Some of our indebtedness is subject to floating interest rates, which would result in our interest expense increasing if interest rates rise.

Indebtedness under our credit facilities and otherwise is and may be in the future subject to floating interest rates. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and reducing funds available for operations or other purposes. Accordingly, we may experience a negative impact on earnings and/or cash flows as a result of interest rate fluctuation. The actual impact would depend on the amount of floating rate debt outstanding, which fluctuates from time to time. At December 31, 2011, there were $17.0 million of cash borrowings outstanding under B&L s revolving credit facility, which we refer to as the BL revolving credit facility, and $20.5 million of cash borrowings outstanding under our EM revolving credit facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt.

Notwithstanding our current indebtedness levels and restrictive covenants in the agreements governing our indebtedness, we may still be able to incur substantial additional debt, which could exacerbate the risks described above.

We may be able to incur additional debt in the future. Although the agreements governing our existing debt, including the credit agreements for the revolving credit facilities and the indenture governing the EMC senior secured notes, contain restrictions on our ability to incur indebtedness, those restrictions are subject to a number of exceptions which permit us to incur substantial debt. In addition, if we are able to designate some of our restricted subsidiaries under the indenture governing the EMC senior secured notes as unrestricted subsidiaries, those unrestricted subsidiaries would be permitted to incur debt outside of the limitations specified in the indenture. Adding new debt to current debt levels or making otherwise restricted payments could intensify the related risks that we and our subsidiaries now face. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt.

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Restrictive covenants in the agreements governing our current or future indebtedness could restrict our operating flexibility.

The indenture governing the EMC senior secured notes and other agreements governing our current indebtedness contain affirmative and negative covenants that limit our ability and the ability of our subsidiaries to take certain actions. These restrictions may limit our ability to operate our business and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. The credit agreements governing our revolving credit facilities require us, under certain circumstances, to maintain specified financial ratios including fixed charge coverage ratios and satisfy other financial conditions. Our indenture and other agreements governing our existing indebtedness restrict, among other things, our ability and the ability of certain of our subsidiaries to:

- incur or guarantee additional debt and issue preferred stock;
- pay dividends or make other distributions, or repurchase capital stock or subordinated debt;
- make certain investments and loans;
- create liens;
- engage in sale and leaseback transactions;
- make material changes in the nature or conduct of our business;
- create restrictions on the payment of dividends and other amounts to us from our subsidiaries;
- enter into agreements restricting the ability of a subsidiary to make or repay loans to, transfer property to, or guarantee indebtedness of, us or any of our subsidiaries;
- merge or consolidate with or into other companies;
- make capital expenditures;
- transfer or sell assets; and
- engage in transactions with affiliates.

The breach of any of these covenants by us or the failure by us to meet any of these ratios or conditions could result in a default under any or all of such indebtedness. Furthermore, if we or certain of our subsidiaries experience a specified change of control, a default may occur under the indenture governing the EMC senior secured notes and other agreements governing our existing indebtedness. If a default occurs under any such indebtedness, all of the outstanding obligations thereunder could become immediately due and payable, which could result in a cross-default under and acceleration of certain of our other outstanding indebtedness. Our ability to comply with the provisions of the indenture governing the EMC senior secured notes, the credit agreements governing our revolving credit facilities and other debt agreements governing other indebtedness we may incur in the future can be affected by events beyond our control and may make it difficult or impossible for us to comply.

See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt.

Credit availability under our revolving credit facilities is subject to a borrowing base limitation that fluctuates from time to time and is subject to redetermination.

Our credit availability under our revolving credit facilities could decline if the values of our borrowing bases (which are calculated based on a percentage of eligible inventory and eligible trade accounts receivable, as defined in each of the credit agreements governing the EM revolving credit facility and the BL revolving credit facility) decline, the applicable administrative agents impose reserves in their discretion, our utilization under our revolving credit facilities increases, or for other reasons. The value of one or both of our revolving credit facilities borrowing bases could decline if the value of their respective eligible inventory or accounts receivable declines due to economic or market conditions, working capital practices, or otherwise. In addition, the administrative agents under the revolving credit facilities are entitled to conduct borrowing base field audits and inventory appraisals at least annually, which may result in a lower borrowing base valuation for one or both of our facilities. If our credit availability is less than our utilization under either of the revolving credit facilities, we would be required to repay borrowings and/or cash collateralize outstanding trade finance instruments sufficient to eliminate the deficit.

Furthermore, full credit availability could be limited by the requirement to maintain the fixed charge coverage ratio at or above 1.10 to 1.00 under the BL revolving credit facility, and, under certain circumstances, 1.25 to 1.00 under the EM revolving credit facility because any additional utilization would increase cash interest expense and, all else being equal, decrease our fixed charge coverage ratios. The fixed charge coverage ratio under the EM revolving

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credit facility could be applicable if the aggregate availability falls below certain thresholds. At December 31, 2011, the fixed charge coverage ratio under the EM revolving credit facility exceeded the required minimum fixed charge coverage ratio of 1.25 to 1.00 and the fixed charge coverage ratio under the BL revolving credit facility exceeded the required minimum fixed charge coverage ratio of 1.10 to 1.00. Although the EM revolving credit facility s fixed charge coverage ratio covenant was not applicable because our aggregate availability was above the applicable threshold, there can be no assurance that our aggregate availability will not fall below one of the applicable thresholds in the future. Our failure to satisfy the minimum fixed charge coverage ratios under our revolving credit facilities at a time when they are applicable would be an event of default under each of the applicable revolving credit facilities, in which case either of the administrative agents or the requisite lenders may accelerate the maturity of our revolving credit facilities and/or terminate the lending commitments thereunder and which could result in a default under and acceleration of certain of our other indebtedness. Our operations are funded, in part, from borrowings under the revolving credit facilities and are supported with trade finance instruments issued from our revolving credit facilities. If we are unable to continue utilizing the revolving credit facilities and if we cannot obtain alternate credit sources or trade finance support at commercially reasonable rates, or if we are required to repay debt under the revolving credit facilities or any other facility, we may not be able to continue our operations without substantial disruptions, or at all, buy or hold inventory, expand into new markets or take on new projects that require capital expenditures.

Risks relating to our Class A common stock and this offering

Concentration of ownership among our existing executives, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

After giving effect to the Reorganization and this offering, entities controlled by affiliates of JCP will own 100% of our outstanding Class B common stock and will hold approximately % of the voting power of our outstanding capital stock. In addition, assuming the exercise in full of the Exchange Rights for shares of Class A common stock and the pro rata distribution of such shares to the partners and members of EM II LP and B&L, and including restricted shares of our Class A common stock, the Existing Investors, including our executives, directors and funds managed by affiliates of JCP, will own, in the aggregate, approximately % of our outstanding Class A common stock and % of the voting power of our outstanding capital stock. Furthermore, each of EM II LP and B&L will be entitled to have a representative attend meetings of our board of directors as a non-voting observer so long as certain ownership thresholds are met. Accordingly, entities controlled by affiliates of JCP will be able to elect all of the members of our board of directors and thereby control our management and affairs, including matters relating to acquisitions, dispositions, borrowings, issuances of common stock or other securities, and the declaration and payment of dividends. In addition, affiliates of JCP will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. We cannot assure you that the interests of these affiliates of JCP will not conflict with your interests. The concentration of ownership could deprive our Class A common stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and might ultimately affect the market price of our Class A common stock. For additional information regarding the share ownership of, and our relationships with, these certain stockholders, you should read the information under the headings Principal Stockholders and Certain Relationships and Related Person Transactions.

No public market existed for our Class A common stock prior to the offering and there can be no assurance that an active trading market will develop for the Class A common stock on the NYSE.

Prior to this offering, there has been no public market for our Class A common stock, and you could not buy or sell the Class A common stock publicly. We have applied to have the Class A common stock quoted on the NYSE. There can be no assurance that an active trading market will develop for our Class A common stock on the NYSE. The absence of an active trading market on the NYSE could adversely affect the market price of our Class A common stock. The underwriters will determine the offer price by negotiation, and this price may not be the price at which the shares offered hereby will trade due to the fact that the offer price may be based on factors that may not be indicative of future performance.

Market volatility may cause the price of our Class A common stock and the value of your investment to decline, and you may not be able to resell your Class A common stock at or above the initial public offering price.

Our share price is likely to be volatile. The initial public offering price may not be indicative of prices that will subsequently prevail in the market. Therefore, if you purchase shares of Class A common stock in this offering, you

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may not be able to resell your shares at or above the initial public offering price. In addition to other risk factors described in this section, the following factors may have a significant impact on the market price of our Class A common stock:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public s reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our Class A common stock or the stock of other companies in our industry;
- the failure of research analysts to cover our Class A common stock;
- strategic actions by us, our customers or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- material litigations or government investigations;
- changes in general conditions in the U.S. and global economies or financial markets, including those resulting from war, incidents of terrorism or responses to such events;
- changes in the oil and natural gas industry and other markets in which we operate;
- adverse events with respect to our customers and suppliers or our relationships with them;
- our inability to implement our business plan and execute our growth strategies;
- our failure to pay our indebtedness when it becomes due or other defaults under our debt agreements;
- issuances of debt securities or restructuring of our indebtedness;

- changes in key personnel;
- sales of common stock by us or members of our management team;
- termination of lock-up agreements with our management team and principal stockholders;
- the granting or exercise of employee stock options;
- volume of trading in our common stock;
- the realization of any risks described under Risk Factors; and
- other events or factors, many of which are beyond our control.

In addition, in the past two years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our Class A common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our share price and cause you to lose all or part of your investment. Further, in the past, market fluctuations and price declines in a company s stock have led to securities class action litigations. If such a suit were to arise, it could have a substantial cost and divert our resources regardless of the outcome.

Investors purchasing our Class A common stock will suffer immediate and substantial dilution.

The initial public offering price for our Class A common stock will be substantially higher than the equivalent net tangible book value per share of our Class A common stock immediately after this offering. If you purchase shares of Class A common stock in this offering, you will incur substantial and immediate dilution in the net tangible book value of your investment. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares of Class A common stock then outstanding. See Dilution for a calculation of the extent to which your investment will be diluted.

Shares of Class A common stock eligible for public sale after this offering could adversely affect the price of our Class A common stock.

The market price for our Class A common stock could decline as a result of sales in the market after this offering of our Class A common stock by persons receiving such shares as a result of the Exchange Rights, including our executives, directors and funds managed by affiliates of JCP, or the perception that these sales could occur. These sales could materially impair our future ability to raise capital through offerings of our Class A common stock. The lock-up agreements relating to our stockholders provide that they may not dispose of shares of Class A common stock

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for 180 days following the date of this prospectus without the consent of the representatives of the underwriters, subject to certain exceptions. For more information on our principal stockholders, their lock-up agreements and their shares of common stock eligible for future sale, see Principal Stockholders, The Reorganization, Shares Eligible for Future Sale and Underwriting.

We do not intend to pay dividends on our Class A common stock in the foreseeable future. However, we expect EDG LLC will make cash distributions to EM II LP, B&L and us for taxes on income of EDG LLC.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our Class A common stock. Under the agreements governing our outstanding indebtedness, we are generally prohibited from paying dividends or distributions on our stock. However, pursuant to the limited liability company agreement of EDG LLC, we expect EDG LLC to make cash distributions to Edgen Group, EM II LP and B&L in respect of the taxable income of EDG LLC. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt and Dividend Policy.

Future sales and issuances of our Class A common stock or rights to purchase Class A common stock, including pursuant to our equity incentive plans and the Exchange Rights, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may need additional capital in the future to execute our business plan. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock, including shares of common stock sold in this offering.

Pursuant to our equity incentive plans, our board of directors is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. The number of shares available for future grant under our equity incentive plans will be as of the completion of this offering and will automatically increase on January 1 of each year starting January 1, 2013 by an amount equal to the lesser of % of our capital stock outstanding as of December 31 of the preceding calendar year or shares, subject to the ability of our board of directors to take action to reduce the size of such increase in any given year. Moreover, subject to certain limitations, pursuant to the Exchange Rights (assuming we do not elect to settle such Exchange Rights in cash), EM II LP and B&L will have the right to acquire additional shares of our Class A common stock in the aggregate following the completion of this offering. Future option grants and issuances of common stock under our equity incentive plans may have an adverse effect on the market price of our common stock.

We will incur increased costs as a result of being a public company.

As a public company, we will incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act of 2002 and related rules of the SEC and the NYSE regulate corporate governance practices of public companies. We expect that compliance with these public company requirements will increase our costs and make some activities more time consuming. For example, we will create new board committees and adopt new internal controls and disclosure controls and procedures. In addition, we will incur additional expenses associated with our SEC reporting requirements. We also expect that it could be difficult and will be significantly more expensive to obtain directors and officers liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of

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acquiring us, even if doing so would benefit our stockholders or remove our current management. These provisions include:

- authorizing the issuance of blank check preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- limiting the removal of directors by the stockholders once JCP ceases to beneficially own a majority of our voting power;
- creating a staggered board of directors;
- prohibiting stockholder action by written consent once JCP ceases to beneficially own a majority of our voting power, thereby requiring all stockholder actions to be taken at a meeting of stockholders;
- having two classes of common stock as discussed above;
- eliminating the ability of stockholders to call a special meeting of stockholders once JCP ceases to beneficially own a majority of our voting power; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. We are also subject to certain anti-takeover provisions under Delaware law which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

We will be a controlled company within the meaning of the NYSE rules and, as a result, will qualify for and will rely on exemptions from certain corporate governance requirements.

Upon completion of this offering we will be a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power for the election of directors is held by a person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;

- the compensation committee be composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and

- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

Following this offering, we intend to elect to be treated as a controlled company and utilize these exemptions, including the exemption for a board of directors composed of a majority of independent directors. In addition, although we will have adopted charters for our audit, nominating and corporate governance and compensation committees and intend to conduct annual performance evaluations for these committees, none of these committees will be composed entirely of independent directors immediately following the completion of this offering. We will rely on the phase-in rules of the SEC and the NYSE with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member that is independent by the date that our Class A common stock first trades on the NYSE, a majority of members that are independent within 90 days of the effectiveness of the registration statement of which this prospectus forms a part, or the effective date, and all members that are independent within one year of the effective date. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

The financial statements presented in this prospectus may not give you an accurate indication of what our future results of operations are likely to be.

Because of the Reorganization and this initial public offering, the historical financial statements included in this prospectus may not represent an accurate picture of what our future performance will be. Our limited combined operating history may make it difficult to forecast our future operating results and financial condition. In particular, because of the significance of the Reorganization, the financial statements for periods prior to the Reorganization are not comparable with those after the Reorganization, and the lack of comparable data may make it difficult to evaluate our results of operations and future prospects. Pro forma financial information is presented with respect to the years ended December 31, 2011 and 2010 that assumes that the Reorganization and the initial public offering closed on January 1, 2010 as opposed to the actual closing date of this offering. However, this pro forma financial information may not give you an accurate indication of what our actual results would have been if the Reorganization and initial public offering had been completed at the beginning of the period presented or of what our future results of operations and financial condition are likely to be.

We will be required to pay EM II LP and B&L for most of the tax benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step-up we receive in connection with this offering, subsequent issuances of our Class A common stock pursuant to the Exchange Rights and certain other transactions that result in increases in our share of the tax basis of EDG LLC s assets.

The exercise of the Exchange Rights is expected to result in increases in our share of the tax basis of EDG LLC s assets if our tax basis in the EDG LLC membership units exchanged exceeds our share of the adjusted tax basis of EDG LLC s property. EMC s sale of its interests in B&L Supply, EM II LP s and B&L s sale of EDG LLC membership units to Edgen Group and certain other transactions are also expected to result in increases in our share of the tax basis of EDG LLC s assets. An increase in the tax basis of EDG LLC s assets may reduce the future tax liability of Edgen Group through increased depreciation and amortization deductions for tax purposes. We expect to enter into a tax receivable agreement with each of EM II LP and B&L that will provide for the payment by Edgen Group of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of increased depreciation and amortization deductions available to us as a result of these transactions that result in increases in our share of the tax basis of EDG LLC s assets, and as a result of our making payments under the tax receivable agreement.

While the actual amount and timing of payments under the tax receivable agreements will depend upon a number of factors, including the amount and timing of taxable income we generate in the future, the value of our individual assets, the portion of our payments under the tax receivable agreements constituting imputed interest and increases in the tax basis of our assets resulting in payments to EM II LP and B&L, we expect that the payments that may be made to EM II LP and B&L will be substantial. If the Exchange Rights were to be exercised in full and if all of the other transactions that could result in an increase in our share of the basis of EDG LLC s assets were to occur, in each case, in a hypothetical fully taxable transaction upon completion of this offering and assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased depreciation and amortization of our assets, we expect that future payments to EM II LP and B&L in respect of the tax receivable agreements will aggregate $ million and range from approximately $ million to $ million per year over the next 15 years. We may need to incur debt to finance payments under the tax receivable agreements to the extent our cash resources are insufficient to meet our obligations under the tax

receivable agreements as a result of timing discrepancies or otherwise. Edgen Group will be a holding company and, as such, will be dependent upon distributions from its subsidiaries to pay its taxes, expenses and other costs.

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A tax authority may challenge all or part of the tax basis increases discussed above and a court could sustain such a challenge. In that event, we may be required to pay additional taxes and possibly penalties and interest to one or more tax authorities. Although future payments to EM II LP and B&L under the tax receivable agreements would cease or diminish, EM II LP and B&L will not reimburse us for any payments previously made if such basis increases or other benefits were later not allowed. As a result, in such circumstances we could make payments to EM II LP and B&L under the tax receivable agreements in excess of our actual cash tax savings.

Our primary U.S. subsidiary, EMC, has net operating loss carryforwards. The utilization of these deferred tax assets is subject to various limitations. If EMC utilizes all or a portion of these net operating loss carryforwards to offset income received from its sale of B&L Supply to EM Holdings LLC in connection with the Reorganization, we will not be able to utilize these net operating loss carryforwards to offset our income in future periods.

As of December 31, 2011, EMC, our primary U.S. subsidiary, had a deferred tax asset of $11.4 million associated with certain net operating loss carryforwards of $22.1 million, all of which has been offset by a valuation allowance. The actual realizability of these deferred tax assets generally may be limited for various reasons, including if projected future taxable income is insufficient to recognize the full benefit of such net operating loss carryforwards prior to their expiration. Additionally, our ability to fully use these tax assets will also be adversely affected if we have an ownership change within the meaning of Section 382 of the U.S. Internal Revenue Code of 1986, as amended. An ownership change is generally defined as a greater than 50% increase in equity ownership by 5% shareholders (as that term is defined for purposes of Section 382 of the Internal Revenue Code) in any three-year period. Future changes in our ownership, including as a result of this offering, depending on the magnitude, including the purchase or sale of our Class A common stock by 5% shareholders, and issuances or redemptions of Class A common stock by us, could result in an ownership change that would trigger the imposition of limitations under Section 382. Accordingly, there can be no assurance that in the future we will not experience limitations with respect to recognizing the benefits of our net operating loss carryforwards and other tax attributes, which limitations could have a material adverse effect on our results of operations, cash flows or financial condition.

In connection with the Reorganization, EM II LP may have EM Holdings LLC purchase from EMC all or a portion of EMC s remaining interest in B&L Supply in a taxable transaction. If such sale transaction occurs, we expect EMC to use all or a significant portion of its net operating loss carryforwards to offset substantially all of EMC s taxable gain from that transaction. In that case, the net operating loss carryforwards will not be available to offset EMC s taxable income in future periods.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words may, could, would, should, believe, expect, anticipate, plan, estimate, targe can, continue, potential, predicts , will and the negative of these terms or other comparable terminology. These statements include, among otl statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, industry trends, the impact of the Reorganization, including the consolidation of B&L s business with us, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. You should not put undue reliance on our forward-looking statements. These statements are based on our management s beliefs and assumptions, which, in turn, are based on currently available information. These assumptions could prove inaccurate. Forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from these forward-looking statements as a result of a wide variety of factors, including all the risks discussed in Risk Factors and elsewhere in this prospectus. The following factors, among others, could cause our actual results and performance to differ materially from the results and the performance projected in, or implied by, the forward looking statements:

- supply, demand, prices and other market conditions for steel and other commodities;
- the timing and extent of changes in commodity prices, including the cost of energy and raw materials;
- the effects of competition in our business lines;
- the condition of the commodities markets generally, which will be affected by interest rates, foreign currency fluctuations and general economic conditions;
- the ability of our counterparties to satisfy their financial commitments;
- tariffs and other government regulations relating to our products and services;
- adverse developments in our relationship with our key employees;
- operational factors affecting the ongoing commercial operations of our facilities, including catastrophic weather-related damage, regulatory approvals, permit issues, unscheduled blackouts, outages or repairs, unanticipated changes in fuel costs or availability of fuel emission credits or workforce issues;
- our ability to operate our business efficiently, manage capital expenditures and costs (including general and administrative expenses) tightly and generate earnings and cash flow;
- our ability to pass through increases in our costs to our customers;

- restrictive covenants in our indebtedness that may adversely affect our operational flexibility;
- general political conditions and developments in the U.S. and in foreign countries whose affairs affect supply, demand and markets for our products;
- conditions in the U.S. and international economies;
- our ability to obtain adequate levels of insurance coverage;
- future asset impairment charges;
- adequate protection of our intellectual property;
- the impact of federal, state and local tax rules;
- U.S. and non-U.S. governmental regulation, especially environmental and safety laws and regulations;
- our ability to retain key employees;
- the ability of EMC s net operating loss carryforwards to shield the gain EMC may realize from a sale of all or a portion of its membership interests in B&L Supply to EM Holdings LLC;
- the amount of payments we may be required to make under the Tax Receivable Agreements; and
- the costs of being a public company, including Sarbanes-Oxley compliance.

Accordingly, we urge you to read this prospectus completely and with the understanding that actual future results may be materially different from what we plan or expect. In addition, these forward-looking statements present our estimates and assumptions only as of the date of this prospectus. Except for our ongoing obligation to disclose material information as required by federal securities laws, we do not intend to update you concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this prospectus.

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USE OF PROCEEDS

We estimate that our net proceeds from this offering will be approximately $ million, after deducting the underwriting discounts and commissions and the estimated fees and expenses of this offering (assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus).

We intend to use (1) $ of the net proceeds from this offering to purchase newly-issued membership units in our consolidated subsidiary, EDG LLC, which will be used by EDG LLC to repay certain indebtedness of its consolidated subsidiaries, and (2) up to $ of any remaining proceeds to purchase membership units of EDG LLC and shares of our Class B common stock from EM II LP and B&L. Specifically, we expect to repay the following indebtedness:

- $ of the amount outstanding and any related accrued interest under B&L s term loan, which we refer to as the BL term loan. As of December 31, 2011, $116.4 million was outstanding under the BL term loan and the weighted average interest rate paid during the year ended December 31, 2011 was 11.0%. The BL term loan matures on August 19, 2015 and is prepayable at any time, subject to the payment of a make-whole prepayment penalty. At December 31, 2011, there was accrued interest of $0.4 million related to the BL term loan and the prepayment penalty would have been approximately $14.5 million had we fully repaid this debt.

- $ of the amount outstanding and any related accrued interest under the BL revolving credit facility, which matures on August 19, 2014 and on which the weighted average interest rate paid during the year ended December 31, 2011 was 4.58%. At December 31, 2011, $17.0 million was outstanding under the BL revolving credit facility and there was accrued interest of $0.2 million.

- $ of the amount outstanding and any related accrued interest under the note payable to the former owner of B&L Predecessor, or Seller Note. The Seller Note bears interest at a compounding rate of 8.0% per annum and matures on August 19, 2019. At December 31, 2011, $50.0 million was outstanding under the Seller Note and there was $5.3 million of accrued interest.

We expect to use the remaining estimated net proceeds from this offering for other general corporate purposes, which may include, among other things, the repayment of other indebtedness, funding of working capital and funding of acquisitions. We have no current commitments or agreements with respect to any acquisitions, and we have not entered into any negotiations with potential targets. There can be no assurance that we will pursue or consummate any acquisition, or if we were to consummate an acquisition, the terms thereof.

Jefferies Finance LLC, an affiliate of Jefferies & Company, Inc., serves as the lead arranger and a lender under the BL term loan. See Underwriting Affiliations and Conflicts of Interest. As a result, Jefferies & Company, Inc. or its affiliates will receive approximately $ million of the net proceeds to us from this offering. As a result, this offering will be conducted in accordance with Rule 5121 of the Financial Industry Regulatory Authority. See Underwriting Affiliations and Conflicts of Interest.

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DIVIDEND POLICY

We have not declared or paid any cash dividends on our Class A common stock, although in the future we may do so. Any such future determination relating to our dividend policy will be made at the discretion of our board of directors, subject to applicable law, and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Our ability to declare and pay dividends is restricted by covenants in our revolving credit agreements and the indenture governing the EMC senior secured notes. Our ability to declare and pay dividends is also dependent upon cash dividends and distributions or other transfers from our subsidiaries to us because we are a holding company with no business operations, sources of income or assets of our own other than our ownership interests in our subsidiaries. Payment of dividends, distributions, loans or advances by our subsidiaries to us are subject to restrictions imposed by the debt instruments of our subsidiaries. In addition, payments or distributions from our subsidiaries could be subject to restrictions on dividends or repatriation of earnings, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate. See Risk Factors Risks related to our existing indebtedness Restrictive covenants in the agreements governing our current or future indebtedness could restrict our operating flexibility. As a result, you should not rely on an investment in our Class A common stock if you require dividend income. You will need to sell your Class A common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them.

We expect EDG LLC to make cash distributions to Edgen Group, EM II LP and B&L in respect of the taxable income of EDG LLC.

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CAPITALIZATION

The following table sets forth our cash and capitalization at December 31, 2011 on a:

- historical basis, with respect to our predecessor, EM II LP; and
- pro forma as adjusted basis giving effect to (1) the Reorganization, (2) the issuance of shares of our Class A common stock at an issuance price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus and (3) use of $ of the net proceeds to purchase newly-issued membership units in EDG LLC, which EDG LLC will use to repay certain outstanding indebtedness of our subsidiaries, and up to $ of any remaining proceeds to purchase membership units in EDG LLC and shares of our Class B common stock from EM II LP and B&L. We expect to use any remaining net proceeds from this offering for other general corporate purposes.

This table is derived from, and should be read together with, the historical consolidated financial statements of EM II LP and our unaudited pro forma condensed combined financial information included elsewhere in this prospectus. You should also read this table in conjunction with Use of Proceeds, and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	AT DECEMBER 31, 2011	
	PREDECESSOR ACTUAL	PRO FORMA AS ADJUSTED FOR EFFECTS OF THE REORGANIZATION, THIS OFFERING AND USE OF PROCEEDS[4]
	(in thousands except par value)	
Cash and cash equivalents	$ 26,218	$
EM II LP		
$465,000 12.25% EMC senior secured notes	$ 462,032	$
$195,000 EM revolving credit facility[1]	20,523	
$15,000 EM FZE revolving credit facility[2]		
Capital Lease	18,186	

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	AT DECEMBER 31, 2011	
	PREDECESSOR ACTUAL	PRO FORMA AS ADJUSTED FOR EFFECTS OF THE REORGANIZATION, THIS OFFERING AND USE OF PROCEEDS[(4)]
	(in thousands except par value)	
Equity		
General partner	1	
Limited partners	(129,736)	
Accumulated other comprehensive loss	(25,648)	
Common Stock Class A, par value $0.0001 per share, shares authorized; no shares issued and outstanding actual; shares issued and outstanding pro forma as adjusted for this offering[(5)]		
Common Stock Class B, par value $0.0001 per share, shares authorized; no shares issued and outstanding actual; shares issued and outstanding pro forma as adjusted for this offering;		
Additional paid in capital		
Retained earnings		
Noncontrolling interest	330	
Total Capitalization	$ 345,688	$

(1) At December 31, 2011, we had availability of $95.0 million under the EM revolving credit facility.

(2) At December 31, 2011, we had availability of $4.5 million under the EM FZE revolving credit facility.

(3) At December 31, 2011, we had availability of $58.0 million under the BL revolving credit facility.

(4) In connection with the Reorganization, we will assume and immediately repay with the proceeds from this offering certain amounts outstanding under the BL term loan, the BL revolving credit facility and the Seller Note, which as of December 31, 2011, were $116.4 million, $17.0 million and $49.7 million, respectively. For a detailed summary of the transactions comprising the Reorganization see The Reorganization.

(5) The number of shares of common stock outstanding on an actual and pro forma as adjusted basis as of December 31, 2011 excludes shares of common stock issuable upon the exercise of stock options and shares of non-vested restricted stock awarded to certain of our employees.

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DILUTION

If you invest in our Class A common stock, your interest will be diluted immediately to the extent of the difference between the initial public offering price per share of Class A common stock and the pro forma as adjusted net tangible book value per share immediately after this offering. Net tangible book value per share represents the total tangible assets less total liabilities divided by the number of shares of Class A common stock outstanding at December 31, 2011. The number of shares of common stock outstanding after this offering of is based on the number of shares outstanding at December 31, 2011 after giving effect to the Reorganization and the exchange by EM II LP and B&L of their EDG LLC membership units and shares of our Class B common stock for shares in the aggregate of our Class A common stock and excludes shares issuable upon exercise of currently outstanding options to purchase our Class A common stock.

At December 31, 2011, the net tangible book value of our predecessor EM II LP was a deficit of approximately $203.5 million. After giving effect to the Reorganization and the exchange by EM II LP and B&L of their EDG LLC membership units and shares of our Class B common stock for shares in the aggregate of our Class A common stock, our net tangible book value at December 31, 2011 would have been approximately $ million, or $ per share. After giving further effect to the sale by us of approximately shares of our Class A common stock in this offering at an assumed public offering price per share of $ (the midpoint of the price range set forth on the cover page of this prospectus) and the application of the expected net proceeds therefrom our pro forma as adjusted net tangible book value at December 31, 2011 could have been approximately $, or $ per share. This would represent an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to investors purchasing our Class A common stock in this offering. The following table illustrates this dilution:

	PER SHARE
Assumed initial public offering price	$
Net tangible book value at December 31, 2011 after giving effect to the Reorganization	$
Increase in net tangible book value attributable to this offering	$
Pro forma as adjusted net tangible book value after giving effect to the Reorganization and this offering	$
Dilution per share to new investors	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease our pro forma as adjusted net tangible book value per share after this offering by $ per share and would increase or decrease the dilution in pro forma as adjusted net tangible book value per share to investors in this offering by $ per share. This calculation assumes that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and reflects the deduction of the estimated underwriting discounts and commissions and estimated fees and expenses of this offering.

The following table shows, on the pro forma as adjusted basis described above at December 31, 2011, the differences in the number of shares of Class A common stock purchased from us, the total cash consideration paid and the average price per share paid by our existing stockholders and by new investors (assuming an initial public offering price per share of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus).

(millions)	SHARES PURCHASED NUMBER	SHARES PURCHASED PERCENT	TOTAL CONSIDERATION AMOUNT	TOTAL CONSIDERATION PERCENT	AVERAGE PRICE PER SHARE
Existing stockholders		%		%	$
New investors		%		%	$
Total		100%		100%	

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If the underwriters exercise their over-allotment option in full, the following will occur:

- the pro forma as adjusted percentage of our shares held by existing stockholders will decrease to approximately % of the total number of pro forma as adjusted shares outstanding immediately after this offering; and
- the pro forma as adjusted number of our shares held by investors in this offering will increase to , or approximately %, of the total pro forma as adjusted number of shares outstanding immediately after this offering.

The dilution information above is for illustrative purposes only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our shares and other terms of this offering determined at pricing.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present certain selected historical consolidated financial data and other data of our predecessor EM II LP, for each of the years ended December 31, 2011, 2010, 2009, 2008 and 2007. The data set forth below should be read in conjunction with the sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, Capitalization, and Unaudited Pro Forma Condensed Combined Financial Information, each of which is contained elsewhere in this prospectus, and the consolidated financial statements of EM II LP which are contained elsewhere in this prospectus.

The Reorganization will be consummated concurrently with this offering, and as a result, our future results of operations will include the results of operations of the business of B&L. We have determined that after the Reorganization, EM II LP will be our predecessor and have included summary historical consolidated financial data of EM II LP as a result. The summary historical consolidated statement of operations and other financial data of EM II LP for the years ended December 31, 2011, 2010 and 2009 and the summary historical consolidated balance sheet data of EM II LP as of December 31, 2011 and 2010 are derived from the audited consolidated financial statements of EM II LP included elsewhere in this prospectus. The summary historical consolidated statement of operations and other financial data of EM II LP for the years ended December 31, 2008 and 2007 and the historical consolidated balance sheet data of EM II LP as of December 31, 2009, 2008 and 2007 are derived from the audited consolidated financial statements of EM II LP that are not included in this prospectus.

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EM II LP (PREDECESSOR)

SELECTED FINANCIAL DATA

	Year ended December 31,				
STATEMENT OF OPERATIONS (IN THOUSANDS)	**2011**	**2010**	**2009**	**2008**	**2007**
Sales	$ 911,612	$ 627,713	$ 773,323	$ 1,265,615	$ 917,657
Gross profit (exclusive of deprecation and amortization)	134,504	90,906	100,728	267,675	168,935
Income (loss) from operations	38,384	(57,424)	9,899	154,293	78,055
Net income (loss)	(24,528)	(98,288)	(20,889)	73,227	2,915

	December 31,				
Balance Sheet data (in thousands)	**2011**	**2010**	**2009**	**2008**	**2007**
Cash and cash equivalents	$ 26,218	$ 62,478	$ 65,733	$ 41,708	$ 48,457
Working capital	230,519	216,684	262,745	309,569	296,190
Property, plant, and equipment net	45,510	49,287	43,342	42,703	43,530
Total assets	551,057	464,020	563,460	742,086	709,554
Long term debt and capital leases	500,741	479,811	483,503	518,013	575,856
Total capital (deficit)	(155,053)	(131,262)	(29,779)	(36,539)	(68,486)

	Year ended December 31,				
Other Financial data (in thousands)	**2011**	**2010**	**2009**	**2008**	**2007**
EBITDA	64,521	$ (35,936)	$ 23,959	$ 175,950	$ 72,416
Adjusted EBITDA	62,577	26,661	70,564	183,494	109,751
Reconciliation of GAAP net income (loss) to non-GAAP EBITDA and non- GAAP Adjusted EBITDA					
NET INCOME (LOSS)	$ (24,528)	$ (98,288)	$ (20,889)	$ 73,227	$ 2,915
Income tax expense (benefit)	4,088	(22,125)	(22,373)	35,124	(1,370)
Interest expense net	63,870	64,208	47,085	45,040	48,301
Depreciation and amortization expense	21,091	20,269	20,136	22,559	22,570
EBITDA	$ 64,521	$ (35,936)	$ 23,959	$ 175,950	$ 72,416
Strategic inventory liquidation sales (1)			12,656		
Lower of cost or market adjustments to inventory (2)			22,469	4,456	
Transaction costs (3)	905		3,339		6,164
Equity in earnings of unconsolidated affiliate (4)	(3,680)	(1,029)			
Distributions received from unconsolidated affiliate (4)	835				
Loss on prepayment of debt (5)			7,523		31,385
Impairment of goodwill (6)		62,805			
Equity based compensation (7)	1,362	1,011	2,065	2,186	2,962
Other (income) expense (8)	(1,366)	(190)	(1,447)	902	(3,176)
ADJUSTED EBITDA	$ 62,577	$ 26,661	$ 70,564	$ 183,494	$ 109,751

(1) The year ended December 31, 2009 includes a loss of $12.7 million due to strategic inventory liquidation (at prices below cost) of non-core inventory primarily related to products for the North American midstream oil and natural gas market.

(2) The years ended December 31, 2009 and 2008 include inventory write-downs of $22.5 million and $4.5 million, respectively, related to selling prices falling below our predecessor s average cost of inventory in some of the markets it serves

(3)

Transaction costs for the years ended December 31, 2011, 2009 and 2007 includes $0.9 million, $3.3 million and $3.7 million, respectively, of accumulated registration costs expensed during the periods. Transaction costs for the year ended December 31, 2007 also include non-recurring expenses of $2.5 million related to a recapitalization transaction.

(4) Represents adjustment for the equity in earnings and cash distributions received as a result of our predecessor s 14.5% ownership in B&L.

(5) Includes prepayment penalties and previously deferred debt issuance costs of $7.5 million expensed in 2009 related to the prepayment of our predecessor s 2007 term loan and $31.4 million in 2007 related to the prepayment of our predecessor s 2005 senior notes.

(6) The year ended December 31, 2010 includes a goodwill impairment charge of $62.8 million as a result of the fair value of certain of our predecessor s reporting units falling below the carrying value.

(7) Includes non-cash compensation expense related to the issuance of equity based awards.

(8) Other (income) expense primarily includes unrealized currency exchange gains and losses on cash balances denominated in foreign currencies and other miscellaneous items.

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UNAUDITED PRO FORMA CONDENSED COMBINED

FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information of Edgen Group consists of our unaudited pro forma condensed combined statements of operations for the years ended December 31, 2011 and 2010 and the unaudited pro forma condensed combined balance sheet at December 31, 2011.

The information presented for 2011 has been derived from the audited consolidated financial statements of EM II LP and B&L. The information presented for 2010 has been derived from the audited consolidated financial statements of EM II LP and B&L and the combined financial statements of B&L Predecessor, which is the accounting predecessor of B&L. Each of these audited financial statements is set forth elsewhere in this prospectus.

EM II LP is considered to be our predecessor for accounting purposes and its consolidated financial statements are our historical consolidated financial statements for periods prior to this offering. Edgen Group is a holding company that will manage its consolidated subsidiaries after the Reorganization, but has no business operations or material assets other than its ownership interest in its subsidiaries.

The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2011 and 2010 assume the pro forma transactions noted herein occurred as of January 1, 2010. The unaudited pro forma condensed combined balance sheet presents the financial effects of the pro forma transactions noted herein as if they had occurred on December 31, 2011. The unaudited pro forma condensed combined financial information has been prepared to give effect to the following transactions:

The Reorganization

In connection with this offering, Edgen Group will become our new parent holding company in a transaction we refer to as the Reorganization. See Note 1 to this unaudited pro forma condensed combined financial information.

Initial Public Offering and Use of Offering Proceeds

In connection with this offering, we will issue shares of our Class A common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and expect to use $ of the proceeds for the purchase of newly-issued membership units in EDG LLC, which EDG LLC will use to repay certain outstanding indebtedness of its subsidiaries, and up to $ of any remaining proceeds to purchase membership units in EDG LLC and shares of our Class B common stock from EM II LP and B&L. We expect to use any remaining net proceeds from this offering for other general corporate purposes. See Note 1 to this unaudited pro forma condensed combined financial information.

The adjustments were prepared in conformity with Article 11 of Regulation S-X and are based upon currently available information and certain estimates and assumptions management believes provide a reasonable basis for presenting the significant effects of the transactions as contemplated.

The unaudited pro forma condensed combined financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements of each of EM II LP, B&L and B&L Predecessor and related notes thereto, each of which is set forth elsewhere in this prospectus. The unaudited pro forma condensed combined financial information is for informational purposes only and is not intended to represent or be indicative of the results of operations or financial position that we would have reported had this offering been completed on the dates indicated and should not be taken as representative of our future consolidated results of operations or financial position.

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EDGEN GROUP

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2011

(IN THOUSANDS)	**EM II LP Historical**	**B&L Historical**	**Pro Forma Adjustments**	**Edgen Group Pro Forma**
SALES	$ 911,612	$ 763,659	$ (62)[a]	$ 1,675,209
OPERATING EXPENSES:				
Cost of sales (exclusive of depreciation and amortization shown below)	777,108	687,222	(62)[a]	1,464,268
Selling, general and administrative expense, net of service fee income	75,029	15,937	(1,494)[k]	89,472
			[l]	
Depreciation and amortization expense	21,091	14,520		35,611
Total operating expenses	873,228	717,679	(1,556)	1,589,351
INCOME FROM OPERATIONS	38,384	45,980	1,494	85,858
OTHER INCOME (EXPENSE):				
Equity in earnings of unconsolidated affiliate	3,680		(3,680)[c]	
Other income net	1,366	612		1,978
Interest expense net	(63,870)	(22,610)	[h]	(86,480)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)	(20,440)	23,982	(2,186)	1,356
INCOME TAX EXPENSE (BENEFIT)	4,088		[m]	4,088
NET INCOME (LOSS)	(24,528)	23,982	(2,186)	(2,732)
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	288		[i]	288
NET INCOME (LOSS) AVAILABLE TO COMMON STOCK	$ (24,816)	$ 23,982	$ (2,186)	$ (3,020)
BASIC AND DILUTED EARNINGS PER SHARE:				
Net loss				$ (3,020)
Number of public shares used in denominator			[j]	
Basic and diluted earnings per share public				

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EDGEN GROUP

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2010

(IN THOUSANDS)	EM II LP HISTORICAL	B&L HISTORICAL	B&L PREDECESSOR HISTORICAL	PRO FORMA ADJUSTMENTS	EDGEN GROUP PRO FORMA
SALES	$ 627,713	$ 239,673	$ 491,617	$ (1,058)[(a)]	$ 1,255,149
				(102,796)[(g)]	
OPERATING EXPENSES:					
Cost of sales (exclusive of depreciation and amortization shown below)	536,807	212,572	428,902	(1,058)[(a)]	1,088,517
				(88,706)[(g)]	
Selling, general and administrative expense, net of service fee income	65,256	7,039	12,510	(2,533)[(g)]	81,714
				907 [(e)]	
				(1,465)[(b)]	
				[(l)]	
Depreciation and amortization expense	20,269	5,274	164	(43)[(g)]	34,851
				9,187 [(d)]	
Impairment of goodwill	62,805				62,805
Total operating expenses	685,137	224,885	441,576	(83,711)	1,267,887
INCOME (LOSS) FROM OPERATIONS	(57,424)	14,788	50,041	(20,143)	(12,738)
OTHER INCOME (EXPENSE):					
Equity in earnings of unconsolidated affiliate	1,029			(1,029)[(c)]	
Other income net	190	161	1,951	(1,505)[(g)]	797
Interest expense net	(64,208)	(8,456)	(1,091)	1,091 [(f)]	(72,664)
				[(h)]	
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)	(120,413)	6,493	50,901	(21,586)	(84,605)
INCOME TAX EXPENSE (BENEFIT)	(22,125)			[(m)]	(22,125)
NET INCOME (LOSS)	(98,288)	6,493	50,901	(21,586)	(62,480)
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	14			[(i)]	14

NET INCOME (LOSS) AVAILABLE TO COMMON STOCK	$	(98,302)	$	6,493	$	50,901	$	(21,586)	$	(62,494)
BASIC AND DILUTED EARNINGS PER SHARE:										
Net loss									$	(62,494)
Number of public shares used in denominator								(j)		
Basic and diluted earnings per share public										

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EDGEN GROUP

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET

At December 31, 2011

(IN THOUSANDS)	EM II LP HISTORICAL	B&L HISTORICAL	PRO FORMA ADJUSTMENTS	EDGEN GROUP PRO FORMA
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 26,218	$ 51	[j]	$ 26,269
			[h]	
Accounts receivable	198,663	62,492		261,155
Inventory	196,004	143,367		339,371
Prepaid expenses and other current assets	10,034	413	(4)[a]	10,443
			[h]	
	430,919	206,323	(4)	637,238
PROPERTY, PLANT, AND EQUIPMENT NET	45,510	1,137		46,647
GOODWILL	22,965			22,965
OTHER INTANGIBLE ASSETS NET	25,447	146,589		172,036
OTHER ASSETS	13,036	8,818	[h]	21,854
INVESTMENT IN UNCONSOLIDATED AFFILIATE	13,180		(13,180)[c]	
TOTAL ASSETS	$ 551,057	$ 362,867	$ (13,184)	$ 900,740
LIABILITIES AND CAPITAL (DEFICIT)				
CURRENT LIABILITIES:				
Managed cash overdrafts	$ 112	$ 6,376		6,488
Accounts payable	147,202	76,230	(4)[a]	223,428
Accrued expenses and other current liabilities	15,848	5,502		21,350
Income taxes payable	4,307			4,307
Deferred revenue	5,139			5,139
Accrued interest payable	26,443	539		26,982
Deferred tax liability net	991			991
Current portion of long-term debt and capital lease	358	18,886	[h]	19,244
	200,400	107,533	(4)	307,929
DEFERRED TAX LIABILITY NET	4,544			4,544
OTHER LONG-TERM LIABILITIES	783			783
LONG-TERM DEBT AND CAPITAL LEASE	500,383	164,218	[h]	664,601
	706,110	271,751	(4)	977,857
COMMITMENTS AND CONTINGENCIES				
CAPITAL (DEFICIT):				
General partner	1	37,792	[j]	37,793
Limited partners	(129,736)	53,324	(13,180)[c]	(89,592)

								(j)			
Common stock Class A, par value $0.0001 per share, shares authorized; shares issued and outstanding pro forma								(j)			
Common stock Class B, par value $0.0001 per share, shares authorized; no shares issued and outstanding actual; shares issued and outstanding pro forma.								(j)			
Additional paid in capital								(j)			
Retained earnings											
Accumulated other comprehensive loss		(25,648)								(25,648)	
Noncontrolling interest		330						(i)		330	
Total capital (deficit)		(155,053)			91,116		(13,180)			(77,117)	
TOTAL LIABILITIES AND CAPITAL (DEFICIT)	$	551,057		$	362,867	$	(13,184)		$	900,740	

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EDGEN GROUP

NOTES TO UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION

1. Basis of Presentation, the Reorganization, Offering, and Use of Proceeds.

The historical financial information is derived from the historical consolidated financial statements of EM II LP, our accounting predecessor, and B&L, and the historical combined financial statements of B&L Predecessor, B&L s accounting predecessor.

EM II LP was formed in 2007 by certain funds controlled by JCP to acquire, along with certain institutional investors and existing management, Edgen/Murray, L.P., EM II LP s predecessor. JCP has controlled EM II LP and its predecessor since 2005.

B&L was formed on July 19, 2010 by the same funds controlled by JCP that were investors in EM II LP. On August 19, 2010, these funds, other investors in EM II LP and EMC, invested in B&L and B&L acquired through its wholly owned subsidiary, Bourland & Leverich Supply Co. LLC, or B&L Supply, certain assets and working capital and other contractual liabilities of B&L Predecessor, which together comprised B&L Predecessor s oil country tubular goods distribution business. This transaction was accounted for as an acquisition and the assets and liabilities of B&L Predecessor were recorded by B&L at fair value. As a result of this transaction, B&L succeeded to substantially all of the business of B&L Predecessor.

The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2011 and 2010 assume the pro forma transactions noted herein occurred on January 1, 2010. The unaudited pro forma condensed combined balance sheet presents the financial effects of the pro forma transactions noted herein as if they had occurred on December 31, 2011.

The pro forma financial statements reflect the following significant transactions:

The Reorganization

Several transactions, which we collectively refer to as the Reorganization, will occur in connection with this offering. These transactions include:

(1) Immediately prior to the consummation of this offering, EM II LP will contribute all of the equity interests of EMGH Limited to EMC, thereby making EMGH Limited a wholly-owned subsidiary of EMC. EMGH Limited has historically comprised the Eastern Hemisphere operating segment of EM II LP.

(2) Edgen Group will form EDG LLC as a new intermediate holding company.

(3) EMC s ownership interest in B&L will be redeemed by B&L in exchange for membership units of B&L Supply.

(4) Edgen Group will amend its certificate of incorporation to convert its one outstanding common share, which is held by an affiliate of JCP, into one share of Class A common stock that will be surrendered to Edgen Group.

(5) EM II LP will contribute all of the shares of capital stock of EMC and all of EM II LP s liabilities to EDG LLC for membership units of EDG LLC and Class B common stock of Edgen Group. EDG LLC will then contribute the shares of EMC to EM Holdings LLC, the direct subsidiary of EDG LLC. As a result, EDG LLC will become the indirect owner of EMC and all of the other direct and indirect subsidiaries that had comprised the entire business of EM II LP.

(6) B&L will contribute all of the membership units of B&L Supply (other than those held by EMC) and all of B&L s liabilities to EDG LLC for membership units of EDG LLC and Class B common stock of Edgen Group. As a result, EDG LLC will become the sole owner of the subsidiary that had comprised the entire business of B&L (through its direct and indirect ownership of B&L Supply).

(7) EM II LP may elect to have EM Holdings LLC purchase from EMC all or a portion of EMC s membership units in B&L Supply with either cash or a note payable to EMC.

(8) Holders of restricted units of EM II LP and B&L will exchange such units for restricted shares of our Class A common stock.

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Following these transactions, and upon completion of this offering, EDG LLC will be controlled by Edgen Group, its managing member. Edgen Group, EM II LP and B&L will own approximately %, % and % of the membership units of EDG LLC, respectively.

Following these transactions, and upon completion of this offering (assuming no Exchange Rights are exercised), substantially all of the Class A common stock of Edgen Group will be owned by purchasers in this offering. Edgen Group will be controlled by EM II LP and B&L through their ownership of % and % of the Class B common stock of Edgen Group, respectively. The Existing Investors will exchange their restricted units of EM II LP and B&L for restricted shares of our Class A common stock, and, to the extent such Existing Investors also own unrestricted units of EM II LP and B&L, will remain the owners of such units of EM II LP and B&L, and EM II LP and B&L will be controlled by the same affiliates of JCP that controlled each of them before these transactions. Holders of our Class A and Class B common stock will be entitled to one vote per share. Holders of shares of Class A common stock and Class B common stock will generally vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders. Holders of our Class A common stock will be entitled to receive dividends if, as and when dividends are declared from time to time by our board of directors. In the event of our liquidation, dissolution or winding up, the holders of our Class A common stock will be entitled to receive ratably the assets available for distribution to our stockholders after payment of liabilities and payment of liquidation preferences on any outstanding shares of our preferred stock. Our Class B common stock will have no economic rights. See Description of our capital stock.

Subject to certain limitations, EM II LP and B&L will each have Exchange Rights to exchange each membership unit in EDG LLC, together with one share of Class B common stock of Edgen Group, for one share of Class A common stock of Edgen Group or, if we so elect, cash equal to the trading price of a share of Class A common stock of Edgen Group from time to time in accordance with an exchange agreement among it, EDG LLC and Edgen Group. If the Exchange Rights were exercised in full upon the completion of this offering and settled solely for shares of Class A common stock of Edgen Group, approximately %, %, % and % of the Class A common stock of Edgen Group would be owned by purchasers in this offering, Existing Investors receiving restricted stock in the Reorganization, EM II LP and B&L, respectively. Because we will control the decision of whether the exchange is settled with cash or shares of our Class A common stock, we have reflected the Class B common stock as permanent equity within our pro forma financial statements and will do so in our financial statements after this offering. See Certain Relationships and Related Person Transactions Exchange Agreement.

We will also enter into a tax receivable agreement with each of EM II LP and B&L that will provide for the payment by Edgen Group of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of increased depreciation and amortization deductions available to us as a result of the taxable exchange of EDG LLC membership units for Class A common stock or cash pursuant to the Exchange Rights, as a result of certain other transactions that result in increases in our share of the tax basis of EDG LLC s assets, and as a result of certain other tax benefits arising from our entering into the tax receivable agreement and making payments under that agreement. See and Certain Relationships and Related Person Transactions Tax Receivable Agreement.

As a result of the Reorganization and upon consummation of this offering, we will become the new parent holding company of the historical businesses of EM II LP and B&L, and will consolidate the results of these businesses with our own. The Reorganization will be accounted for as a transaction between entities under common control, as the entities involved in the transaction, including all of the direct and indirect subsidiaries of EM II LP and B&L, each were previously and continue to remain after the Reorganization, under the common control of affiliates of JCP. Specifically, the same affiliate of JCP that has the ability to designate the B&L Board (which controls B&L), is also the managing member of the general partner of EM II LP (which controls EM II LP). Following the Reorganization, EM II LP and B&L will together own 100% of the Edgen Group Class B common stock, which will represent a majority of the voting power of Edgen Group.

Initial Public Offering and Use of Offering Proceeds

Assuming the issuance of shares at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, we expect that our net proceeds from the initial public offering of our Class A common stock will be approximately $ million, after deducting the estimated underwriting discounts and commissions, and the estimated fees and expenses associated with this offering. We intend to use these net proceeds to purchase (1) newly-issued membership units in EDG LLC for

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$, which will be used by EDG LLC to repay certain indebtedness of its consolidated subsidiaries, and (2), $ of any remaining proceeds will be used to purchase membership units of EDG LLC and shares of our Class B common stock from EM II LP and B&L. We expect to use any remaining net proceeds from this offering for other general corporate purposes. Specifically, we expect to repay the following indebtedness:

BL term loan. The BL term loan was issued by B&L on August 19, 2010 under a credit agreement and had an outstanding balance of $116.4 million as of December 31, 2011 and matures August 19, 2015. The BL term loan accrues interest at LIBOR, plus 9.0% for LIBOR loans, and prime plus 8.0% for base rate loans and the weighted average interest rate paid on the BL term loan during the year ended December 31, 2011 was 11.0%. We will use the proceeds from this offering to repay $ of the outstanding balance as well as accrued interest of $ and a prepayment penalty of $ at December 31, 2011.

BL revolving credit facility. At December 31, 2011, there was $17.0 million in outstanding cash borrowings under the BL revolving credit facility and there were no outstanding bank guarantees or letters of credit. The BL revolving credit facility matures August 19, 2014 and the weighted average interest rate paid on the BL revolving credit facility during the year ended December 31, 2011 was 4.58%. We will use the proceeds from this offering to repay $ of the outstanding balance as well as accrued interest of $ at December 31, 2011. There is no prepayment penalty associated with the repayment of this debt.

Seller Note. At December 31, 2011, there was $50.0 million outstanding under a note payable to the former owner of B&L Predecessor which matures on August 19, 2019 and accrues interest at 8.0% annually. We will use the proceeds from this offering to repay $ of the principal balance as well as accrued interest of $ at December 31, 2011. There is no prepayment penalty associated with the repayment of the Seller Note.

2. Pro Forma Adjustments and Assumptions.

On July 19, 2010, B&L was formed for the purpose of acquiring through its wholly owned subsidiary, Bourland & Leverich Supply Co. LLC, or B&L Supply, certain assets and working capital and other contractual liabilities of B&L Predecessor, which together comprised B&L Predecessor s oil country tubular goods distribution business. We refer to this transaction as the B&L Acquisition.

The total purchase price of the B&L Acquisition was $278.5 million, which consisted of $220.4 million in cash (including a preliminary working capital adjustment of $18.2 million), a $50.0 million five-year subordinated note payable to the seller of B&L Predecessor, net of discount of $6.3 million, a final working capital adjustment of $13.4 million, and a balance due to B&L Predecessor of $1.0 million. The cash purchase price of $220.4 million, deferred financing costs of $12.0 million, and acquisition costs of $1.2 million were funded through cash proceeds from the issuance of a $125.0 million term loan, $65.0 million from the issuance of Class A common units, and $43.6 million in borrowings under the BL revolving credit facility.

The B&L Acquisition closed on August 19, 2010 and acquisition accounting was applied to record the purchase price of $278.5 million to the assets acquired and liabilities assumed at fair value as summarized below:

Accounts receivable	$ 47.0
Inventory	110.4
Property, plant, and equipment	1.1
Customer relations	154.3
Noncompetition agreement	2.0
Tradenames	10.0
Accounts payable	(42.5)
Accrued expenses and other current liabilities	(3.8)
Purchase price	$ 278.5

As a result of the determination of the fair value of assets acquired, including other intangible assets, and liabilities assumed from the acquisition, no goodwill was recognized.

Also on August 19, 2010, EM II LP, through its wholly owned subsidiary, EMC, invested approximately $10.0 million for a 14.5% equity interest in B&L, that has been accounted for historically by EM II LP under the equity method. As

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a result of the Reorganization, we will own 100% of the equity interests in B&L supply, which constitutes the entire business of B&L, and will consolidate the business of B&L with our own. As this transaction will be accounted for as a reorganization of entities under common control, acquisition accounting will not be applied to the consolidation of B&L s business, and the assets and liabilities of B&L will be recorded in our accounting records at their carryover basis. Adjustments (a) through (g) below reflect the effects of the consolidation of B&L s business:

(a) Reflects the elimination of purchases and sales made between EM II LP and B&L and the elimination of non-trade receivables due to EM II LP from B&L for nominal expenditures paid by EM II LP on B&L s behalf.

EM II LP also receives a service fee of $2.0 million per year from B&L for support services provided related to information technology, legal, treasury, tax, financial reporting and other administrative expenses. This service fee income and the related expense incurred by B&L is included in selling, general and administrative expense in the historical financial statements of EM II LP and B&L, respectively. As these amounts offset in the combination of the businesses of EM II LP and B&L, no further pro forma adjustment to eliminate this service fee is required.

(b) Reflects the transaction costs of $1.5 million for the year ended December 31, 2010 associated with the B&L Acquisition that are reflected in the historical financial statements of B&L. These costs primarily include legal, accounting and valuation professional service fees.

(c) Reflects the elimination of EM II LP s equity in earnings of B&L and the elimination of EM II LP s equity method investment in B&L.

(d) Reflects incremental amortization expense of $9.2 million incurred as a result of the recognition of $156.3 million of amortizable intangible assets and an immaterial amount of less than $15.0 thousand of incremental depreciation expense incurred as a result of the approximately $0.1 million step up in basis of plant, property and equipment due to the application of acquisition accounting on August 19, 2010.

Amortizable intangible assets of $156.3 million consist of customer relationships of $154.3 million and non-competition agreements of $2.0 million. The fair value of these intangible assets was derived using an income/excess earnings valuation method, which is based on the assumption that earnings are generated by all of the assets held by B&L, both tangible and intangible. The income/excess earnings method estimates the fair value of an intangible asset by discounting its future cash flows and applying charges for contributory assets. Certain estimates and assumptions were used to derive the customer relationship intangible, including future earnings projections, discount rates, and customer attrition rates. In determining the fair value for noncompetition agreements, B&L considered future earnings projections, discount rates, and estimates of potential losses resulting from competition, the enforceability of the terms, and the likelihood of competition in the absence of the agreement. The useful lives for customer relationships were estimated based on historical experience of B&L.

Additional amortization expense associated with these customer relationships and noncompetition agreements of approximately $14.0 million and $0.4 million per year, respectively, will be recognized annually over the respective useful lives of the assets of 11 and 5 years.

The pro forma adjustment of $9.2 million reflects the incremental amortization expense that would have been incurred from January 1, 2010 through August 19, 2010, the date of the B&L Acquisition.

(e) Reflects the incremental amortization of equity based compensation expense associated with B&L equity awards that were awarded as part of the B&L Acquisition. The following awards and assumptions were used in determining the pro forma adjustment:

(i) 3,362.5 restricted units granted on the acquisition date with a per unit fair value of $1,075 and a five year vesting period. The per unit fair value of a restricted unit of $1,075 was based on a valuation methodology which uses a combined discounted cash flow valuation and comparable company market value approach;

(ii) 4,317.2 options granted on the acquisition date with a per unit option fair value of $745 and a five year vesting period. The fair value per unit option was estimated on the date of grant using the Black-Scholes option pricing model and the related total compensation expense was determined using an estimated forfeiture rate of 14% based on historical experience.

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The weighted-average assumptions used in the Black-Scholes pricing model were as follows:

Weighted average Black-Scholes assumptions:	**2010**
Risk-free interest rate	1.87%
Expected volatility	75%
Expected dividend yield	None
Expected term (in years)	6.5 years

As no historical data was available, we calculated the expected term for employee unit options using the simplified method in accordance with the SEC s Staff Accounting Bulletin No. 110. We based the risk-free interest rate on a traded zero-coupon U.S. Treasury bond with a term substantially equal to the option s expected term at the grant date. We used a dividend yield of zero based on the fact that we have never paid cash dividends. The volatility used to value unit options is based on an average of historical volatility of companies in industries in which the Company operates and which the Company believes are comparable.

(iii) 1,041.6 profits interest, or B&L Class B common units, granted on the acquisition date with a per unit fair value of $748 and a five year vesting period. The fair value of a B&L Class B common unit was estimated at $748 per unit and was based on a valuation methodology which uses a combined discounted cash flow valuation and comparable company market value approach which was divided by the total outstanding B&L Class A common units, including B&L Class A restricted units and options, to determine the fair value of a B&L Class B common unit at the grant date.

The difference in fair value of a B&L Class A and B&L Class B unit is due to the significant differences in distribution rights. Specifically, a B&L Class B unit only participates in distributions to the extent prior distributions exceed the sum of B&L s net profits and the amount of capital contributions made by each holder of B&L Class A units as of the date such B&L Class B unit was issued. Given the preferred distribution rights of a B&L Class A unit, its fair value is higher than that of the B&L Class B.

The pro forma adjustment of $0.9 million reflects the incremental amortization expense associated with the above awards that would have been incurred from January 1, 2010 through August 19, 2010, the date of the B&L Acquisition.

(f) Reflects the removal of $1.1 million of interest expense, net included in B&L Predecessor s historical financial statements related to assets and liabilities of B&L Predecessor that were not included in the B&L Acquisition. This adjustment consists of $1.2 million of interest expense related to a liability that was not assumed in the B&L Acquisition, offset partially by $0.1 million of interest income earned from cash investments not acquired in the B&L Acquisition. These are the only pro forma adjustments necessary to remove the effects of the assets and liabilities of B&L Predecessor that were not included in the B&L Acquisition.

(g) Reflects the removal of amounts related to B&L Predecessor for the period from October 1, 2009 to December 31, 2009. B&L Predecessor s fiscal year end was September 30, 2010. The amounts presented in the B&L Predecessor Historical column in our unaudited pro forma condensed combined statement of operations for the year ended December 31, 2010 include the period October 1, 2009 to August 19, 2010, the date of the B&L Acquisition. Removal of the amounts related to the period from October 1, 2009 to December 31, 2009 is necessary to reflect the historical results of B&L and B&L Predecessor for the year ended December 31, 2010.

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(h) Reflects the pro forma adjustments necessary to reflect the repayment of the following amounts of B&L s indebtedness:

	Principal Outstanding	% Repaid	Total
BL term loan	$ 116,406		$
BL revolving credit facility	17,000		
Seller Note	50,000		
	$ 183,406		$

In addition to the removal of total debt of $ million (including accrued interest of $ million) that will be repaid at the time of this offering, the pro forma adjustments also include the removal of $ million and $ million of interest expense for the years ended December 31, 2011 and 2010, the write off of any unamortized deferred debt issuance costs and discounts of $ million at December 31, 2011, and the payment of a prepayment fee of $ million associated with the early payment of the BL term loan.

The pro forma adjustment for the prepayment fee was calculated based on the agreement governing the BL term loan as the present value of (i) 105.50% of the principal repaid and (ii) interest that would be required through August 19, 2012 on the principal repaid, assuming the adjusted LIBOR is the greater of the rate in effect on the date of determination or 2.0%. The pro forma adjustments to interest expense, accrued interest and unamortized deferred debt issuance costs were calculated pro rata based on the percent of total principal of each outstanding debt instrument that was repaid as shown below:

Pro Forma Interest Expense Adjustment

	Year ended December 31, 2011				Year ended December 31, 2010		
	Interest Expense	% of Principal Repaid	Total Pro Forma Adjustment		Interest Expense	% of Principal Repaid	Total Pro Forma Adjustment
BL term loan	$ 15,688		$	BL term loan	$ 5,874		