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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**

For the transition period from to

Commission file number 001-14775

DYNAMIC MATERIALS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**84-0608431**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5405 Spine Road, Boulder, Colorado 80301
(Address of principal executive offices, including zip code)

(303) 665-5700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.05 Par Value	The Nasdaq National Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act from their obligations under those sections. Yes☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 "larger accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☐

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

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant was $284,180,136 as of June 30, 2011.

The number of shares of Common Stock outstanding was 13,483,238 as of March 5, 2012.

Certain information required by Items 10, 11, 12, 13 and 14 of Form 10-K is incorporated by reference into Part III hereof from the registrant's proxy statement for its 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission ("SEC") within 120 days of the close of the registrant's fiscal year ended December 31, 2011.

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PART I

ITEM 1. Business

Overview

References made in this Annual Report on Form 10-K to "we", "our", "us", "DMC" and the "Company" refer to Dynamic Materials Corporation and its consolidated subsidiaries.

Dynamic Materials Corporation is an industrial manufacturer focusing on niche markets related to the building of equipment and materials to support the infrastructure of the process and energy industries. Built upon specialized technologies, the Company seeks to establish a global presence through an international network of manufacturing facilities and sales offices. Today, the Company operates in three business segments: Explosive Metalworking (60% of 2011 net sales), Oilfield Products (35% of 2011 net sales), and AMK Welding (5% of 2011 net sales).

We are a leading provider of explosion-welded clad metal plates. Explosion-weld cladding uses an explosive charge to bond together plates of different metals that do not bond easily with traditional welding techniques. We refer to this part of our business as "DMC Clad" or the "Explosive Metalworking" segment. DMC Clad markets its explosion-welded clad products under the Detacladâ trade name. DMC Clad's products are used in critical applications in a variety of industries, including oil and gas, alternative energy, chemical and petrochemical, hydrometallurgy, aluminum production, shipbuilding, power generation and industrial refrigeration. DMC Clad's market leadership for explosion-welded clad metal plates is a result of its state-of-the-art manufacturing facilities, technological leadership, and production expertise. We believe our customers select us for our high quality product, speed and reliability of delivery, and cost effectiveness. We have a global sales force through which we sell our products in international markets. Our Explosive Metalworking operations are located in the United States, Germany and France.

Through our Oilfield Products segment, which we also refer to as "DYNAenergetics," we provide a range of proprietary and nonproprietary products for the global oil and gas industries. These products relate primarily to oil and gas well perforation, which is a process of punching holes in the casing of a well to enable easier and more precise recovery of oil or gas from a targeted formation. Manufactured products include shaped charges, detonators and detonating cords, bidirectional boosters, and perforating guns for the perforation of oil and gas wells. DYNAenergetics also distributes a line of seismic products that support oil and gas exploration activities. DYNAenergetics' primary manufacturing and sales operations are located in Germany, the United States, Canada and Russia and its products are sold in numerous countries.

Our AMK Welding segment ("AMK Welding") provides advanced welding services, primarily to the power turbine and aircraft engine manufacturing industries. AMK Welding is a highly specialized welding subcontracting shop for complex shapes used principally in gas turbines and aircraft engines. AMK Welding's operations are conducted at its Connecticut facility.

Clad Metal Industry

Clad metal plates are typically used in the construction of heavy, corrosion resistant pressure vessels and heat exchangers for oil and gas, alternative energy, chemical and petrochemical, hydrometallurgy, power generation, industrial refrigeration, and similar industries. Clad metal plates consist of a thin layer of an expensive, corrosion resistant metal, such as titanium or stainless steel, which is metallurgically combined with a less expensive structural base metal, such as steel. For heavy equipment, clad generally provides a cost savings alternative to building the equipment of solely the corrosion resistant alloy.

There are three major industrial clad plate manufacturing technologies:

- Explosion welding
- Hot Rollbonding
- Weld overlay

Explosion welding, the technology utilized by DMC Clad, is the most versatile of the foregoing clad plate manufacturing technologies. Being a robust cold welding technology, explosion-welded clad products exhibit high bond strength combined with the unaltered corrosion resistance and mechanical properties of the pre-clad components. The explosion-welded clad process is suitable for joining virtually any combination of common engineering metals. Explosion-welded clad metal is produced as flat plates or concentric cylinders which can be further formed and fabricated

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as needed. When fabricated properly, the two metals will not come apart. The dimensional capabilities of the process are broad: cladding metal layers can range from a few thousandths of an inch to several inches and base metal thickness and lateral dimensions are primarily limited by the size capabilities of the world's metal production mills. Explosion welding is used to clad a very broad range of metals to steel including aluminum, titanium, zirconium, nickel alloys, and stainless steels. The alternative technologies are typically limited to the latter two. In addition to use as clad plates, the explosion welded components can be used as transition pieces, facilitating conventional welding of dissimilar metals. DMC Clad transition joints are used in the aluminum production and shipbuilding industries.

Hot rollbonding is performed by a small group of the world's heavy plate rolling mills. In this process, the clad metal and base metal are bonded together during the hot rolling operation in which the metal slab is converted to plate. Being a high temperature process, hot rollbond is limited to joining similar metals, such as stainless steel and nickel alloys to steel. Rollbond's niche is production of large quantities of light to medium gauge clad plates; it is frequently lower cost than explosion clad when total metal thickness is under 1 to 2 inches (dependent upon alloy and a number of other factors.) Rollbond products are generally suitable for most pressure vessel applications but have lower bond shear strength and may have inferior corrosion resistance.

In weld overlay cladding, the clad metal layer is deposited on the base metal using arc-welding type processes. Weld overlay is a cost-effective technology for complicated shapes, for field service jobs, and for production of heavy-wall pressure vessel reactors. During overlay welding, the cladding metal and base metal are melted together at their interface, the resulting dilution of the cladding metal chemistry may compromise corrosion performance and limit use in certain applications. Weld metal shrinkage during cooling potentially causes distortion when the base layer is thin; consequently, overlay is rarely the technically preferred solution for construction of new equipment when thicknesses are under 3 to 4 inches. As with rollbond, weld overlay is limited to metallurgically similar metals, primarily stainless steels and nickel alloys joined to steel. Weld overlay is typically performed in conventional metal fabrication shops.

Clad Metal End Use Markets

Explosion-welded clad metal is primarily used in construction of large industrial equipment involving high pressures and temperatures and needs to be corrosion resistant. The eight broad industrial sectors discussed below comprise the bulk of demand for DMC Clad's business. The demand for clad metal is driven by the underlying demand for new equipment and facility maintenance in these primary market sectors. Overall, the market for explosion-welded clad metal has continuously grown since its inception, with demand dependent upon the underlying needs of the various market sectors. There has been significant capital investment in many of these markets.

Oil and Gas: Oil and gas end use markets include both oil and gas production and petroleum refining. Oil and gas production covers a broad scope of operations related to recovering oil and/or gas for subsequent processing in refineries. Clad metal is used in separators, glycol contactors, piping, heat exchangers and other related equipment. The increase in oil and gas production from deep, hot, and corrosive fields has significantly increased the demand for clad equipment. Many non-traditional energy production methods are potentially commercially viable for bringing natural gas to the market. Clad is commonly used in these facilities. The primary clad metals for this market are stainless steel and nickel alloys clad to steel, with some use of reactive metals.

Petroleum refining processes frequently are corrosive, are hot, and operate at high pressures. Clad metal is extensively used in a broad range of equipment including desulfurization hydrotreaters, coke drums, distillation columns, separators and heat exchangers. In the United States, refineries are running near their full capacity; and adding capacity and reducing costly down-time are a high priority. The increasing reliance upon low quality, high sulfur crude further drives additional demand for new corrosion resistant equipment. Worldwide trends in regulatory control of sulfur emissions in gas, diesel and jet fuel are also increasing the need for clad equipment. Like the upstream oil and gas sector, the clad metals are primarily stainless steel and nickel alloys.

Alternative Energy: Today's oil and gas prices and increasing climate concerns are driving significant upward demand for capital equipment in the alternative energy sector. Frequently, alternative energy technologies involve conditions which necessitate clad metals. Solar panels predominantly incorporate high purity silicon. Processes for manufacture of high purity silicon utilize a broad range of highly corrosion resistant clad alloys. Many geothermal fields are corrosive, requiring high alloy clad separators to clean the hot steam. Cellulosic ethanol technologies may require corrosion resistant metals such as titanium and zirconium.

Chemical and Petrochemical: Many common products, ranging from plastics to drugs to electronic materials, are produced by chemical processes. Because the production of these items often involves corrosive agents and is

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conducted under high pressures or temperatures, corrosion resistant equipment is needed, equipment which is best and most cost-effectively produced using clad construction. One of the larger applications for titanium-clad equipment is in the manufacture of Purified Terephthalic Acid ("PTA"), a precursor product for polyester, which is used in everything from carpets to plastic bottles. This market requires extensive use of stainless steel and nickel alloys, but also uses titanium and, to a lesser extent, zirconium and tantalum.

Hydrometallurgy: The conversion of raw ore to metal generally involves high energy and/or corrosive processes. Traditionally, most metals have been produced by high temperature smelting. Over the past two decades there has been an increasing trend toward acid leaching processes. These hydrometallurgy processes are more environmentally friendly and more energy efficient. The processes for production of nickel, gold, and copper involve acids, high pressures, and high temperatures. Titanium is the metal of choice. Titanium-clad plates are used extensively for construction of autoclaves and peripheral equipment.

Aluminum Production: Aluminum is reduced from its oxide in large electric smelters called potlines. The electric current is carried via aluminum conductors. The electricity must be transmitted into steel components for the high temperature smelting operations. Aluminum cannot be welded to steel conventionally. Explosion-welded aluminum-steel transition joints provide an energy efficient and highly durable solution for making these connections. Modern potlines use a large number of transition joints. Transition joints are typically replaced after approximately five years in service. Although aluminum production is the major electrochemical application for DMC Clad products, there are a number of other electrochemical applications including production of magnesium, chlorine and chlorate.

Shipbuilding: The combined problems of corrosion and top-side weight drive significant demand for our aluminum-steel transition joints. Top-side weight is often a significant problem with tall ships, including cruise ships, naval vessels, ferries and yachts. Use of aluminum in the upper structure and steel in the lower structure provides stability. Bolted joints between aluminum and steel corrode quickly in seawater. Aluminum cannot be welded directly to steel using traditional welding processes. Welded joints can only be made using transition joints. DMC Clad products can be found on many well known ships, including the QE II and modern U.S. Navy aircraft carriers.

Power Generation: Fossil fuel and nuclear power generation plants require extensive use of heat exchangers, many of which require corrosion resistant alloys to handle low quality cooling water. Our clad plates are used extensively for heat exchanger tubesheets. The largest clad tubesheets are used in the final low pressure condensers. For most coastal and brackish water cooled plants, titanium is the metal of choice technically, and titanium-clad tubesheets are the low cost solution for power plant condensers.

Industrial Refrigeration: Heat exchangers are a core component of refrigeration systems. When the cooling water is seawater, brackish, or even slightly polluted,

corrosion resistant metals are necessary. Metal selection can range from stainless steel to copper alloy to titanium. Explosion-welded clad metal is often the low cost solution for making the tubesheets. Applications range from refrigeration chillers on fishing boats to massive air conditioning units for skyscrapers, airports, and deep underground mines.

Oil and Gas Field Perforating Industry

The oil and gas industry utilizes perforating products in oil and gas fields to punch holes in the casing or liner of wells to connect them to the reservoir. The operator runs a casing or liner into the well and then inserts the perforating guns, which contain a series of specialized shaped charges. Once fired, the perforating guns provide access to the specified sections of the desired areas of the targeted formations. Completing wells through the use of perforation guns can provide more control over the well.

DYNAenergetics End Use Markets

DYNAenergetics products are utilized to perform both perforating services—which require shaped charges, detonators, boosters, detonating cords, and perforating guns—and seismic prospecting. DYNAenergetics manufactures and distributes a comprehensive array of perforating products. Our DYNAenergetics products are generally purchased by oilfield service companies who utilize our perforating products for oil and gas recovery and our seismic products for oil and gas exploration activities.

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AMK Welding End Use Markets

Parts for power turbines and aircraft engines must be machined to exacting tolerances and welded according to exacting specifications. Many of those parts have complex shapes, the welding of which requires significant expertise. AMK Welding is a specialized operation that welds complex, shaped parts for machining companies that, in turn, supply the manufacturers of power turbines and aircraft engines. Some machining companies also have their own welding facilities, which compete with AMK Welding for business.

Business Segments

We operate three business segments: Explosive Metalworking (which we also refer to as DMC Clad), Oilfield Products (which we also refer to as DYNAenergetics), and AMK Welding. The Explosive Metalworking segment uses proprietary explosive processes to fuse dissimilar metals and alloys and has more than 40 years of experience. We are the largest explosion-welded clad metal manufacturer in both North America and Europe. DYNAenergetics produces special shaped charges, detonators, detonating cords, bidirectional boosters, and perforating guns for the perforation of oil and gas wells and has more than a decade of experience providing specialized products to the oil and gas industry. AMK Welding utilizes various specialized technologies to weld components for use in power-generation turbines as well as commercial and military jet engines and has 40 years of experience.

Explosive Metalworking

The Explosive Metalworking segment seeks to build on its leadership position in its markets. During the year ended December 31, 2011, the Explosive Metalworking segment represented approximately 60% of our revenue. The three manufacturing plants and their respective shooting sites in Pennsylvania, Germany and France provide the production capacity to address concurrent projects for DMC Clad's current domestic and international customer base.

The primary product of the Explosive Metalworking segment is explosion-welded clad metal plate. Clad metal plates are used in the construction of heavy, corrosion resistant pressure vessels and heat exchangers for oil and gas, alternative energy, chemical and petrochemical, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration, and similar industries. The characteristics of DMC Clad's explosive metalworking processes may enable the development of new products in a variety of industries and DMC Clad continues to explore such development opportunities.

The principal product of metal cladding, regardless of the process used, is a metal plate composed of two or more dissimilar metals, usually a corrosion resistant metal and steel, bonded together. Prior to the explosion-welded clad process, the materials are inspected, the mating surfaces are ground, and the metal plates are assembled for cladding. The process involves placing a sheet of the cladder over a parallel plate of backer material and then covering the cladder material with a layer of specifically formulated explosive. A small gap or "standoff space" is maintained between the alloy cladder and the backer substrate. The explosion is then initiated on one side of the cladder and travels across the surface of the cladder forcing it down onto the backer. The explosion happens in approximately one-thousandth of a second. The collision conditions cause a thin layer of the mating surfaces to be spalled away in a jet. This action removes oxides and surface contaminants immediately ahead of the collision point. The extreme pressures force the two metal components together, creating a metallurgical bond between them. The explosion-welded clad process produces a strong, ductile, continuous metallurgical weld over the clad surface. After the explosion is completed, the resulting clad plates are flattened and cut, and then undergo testing and inspection to assure conformance with internationally accepted product specifications.

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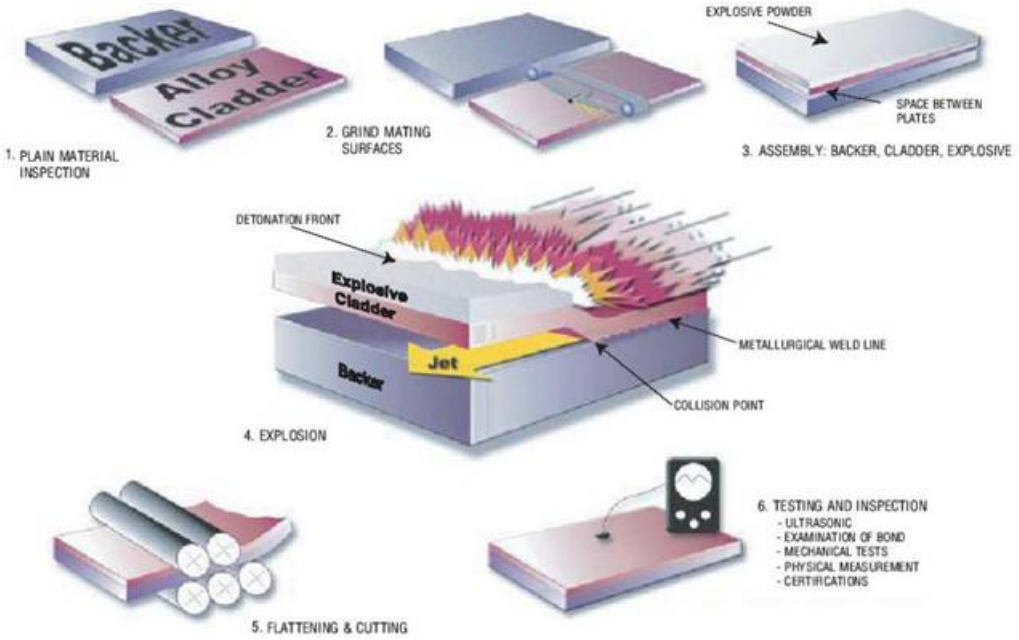
EXPLOSION-WELDING PROCESS



Explosion-welded cladding technology is a method to weld metals that cannot be welded by conventional processes, such as titanium-steel, aluminum-steel, and aluminum-copper. It can also be used to weld compatible metals, such as stainless steels and nickel alloys to steel. The cladding metals are typically titanium, stainless steel, aluminum, copper alloys, nickel alloys, tantalum, and zirconium. The base metals are typically carbon steel, alloy steel, stainless steel and aluminum. Although the patents for the explosion-welded cladding process have expired, DMC Clad has proprietary knowledge that distinguishes it from its competitors. The entire explosion-welding process involves significant precision in all stages, and any errors can be extremely costly as they result in the discarding of the expensive raw material metals. DMC Clad's technological expertise is a significant advantage in preventing costly waste.

Explosion-welded clad metal is used in critical applications in a variety of industries, including oil and gas, alternative energy, chemical and petrochemical, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration and other industries where corrosion, temperature and pressure combine to produce demanding environments. Explosion-welded clad metal is also used to produce bimetal transition joints or other components which are used in ship construction, and in a variety of electrochemical industries including aluminum production.

DMC Clad's metal products are primarily produced on a project-by-project basis conforming to requirements set forth in customers' purchase orders. Upon receipt of an order, DMC Clad obtains the component materials from a variety of sources based on quality, availability and cost and then produces the order in one of its four manufacturing plants. Final products are processed to meet contract specific requirements for product configuration and quality/inspection level.

DYNAenergetics

DYNAenergetics manufactures, markets, and sells perforating explosives and associated hardware and seismic explosives, for the international oil and gas industry. While DYNAenergetics has been producing detonating cords and

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detonators and selling these and seismic explosives systems for decades, since 1994 significant emphasis has been placed on enhancing its oilfield product offerings by improving existing products and adding new products. In recent years, various types of detonating cords and detonators have been added as well as bi-directional boosters, a wide range of shaped charges, and corresponding gun systems. Within the last year, DYNAenergetics began manufacturing detonators for seismic exploration systems. The three manufacturing facilities are located in Germany, Canada and Russia. Additionally, DYNAenergetics now designs and manufactures custom-ordered perforating products for third-party customers according to their designs and specifications.

The kinds of perforating products manufactured by DYNAenergetics are essential to certain types of modern oil and gas recovery. The products are sold to large, mid-sized, and small oilfield service companies in the U.S., Europe, Canada, Africa, the Middle East, and Asia, including direct sales to end users. The market for perforating products is growing. Rising worldwide demand for oil increases the demand for perforating products as oil exploration and recovery expands, leading to increased investment in the oil and gas production industry. Higher levels of exploration (seismic prospecting) and increased production activities in the global oil and gas industry are expected to continue. Increased exploration has led to increasingly complex completion operations, which raise the demand for high quality perforating products.

AMK Welding

AMK Welding employs a variety of sophisticated processes and equipment to provide specialized welding services principally to a power turbine manufacturer and to commercial and military aircraft engine manufacturers. AMK Welding is located in South Windsor, Connecticut.

Welding services are provided on a project-by-project basis based on specifications set forth in customers' purchase orders. Upon receipt of an order for welded assemblies, AMK Welding performs welding services using customer specific welding procedures.

Welding processes utilized by AMK Welding include electron beam and gas tungsten arc welding processes. AMK Welding also has considerable expertise in vacuum chamber welding, which is a critical capability when welding titanium, high temperature nickel alloys and other specialty alloys. These welding techniques are used for the welding of blades and vanes and other turbine parts typically located in the hot gas path of aircraft engines. In addition to its welding capabilities, AMK Welding also uses various heat treatment and non-destructive examination processes, such as radiographic inspection, in support of its welding operations.

Suppliers, Competition, Customer Profile, Marketing and Research and Development

DMC Clad

Suppliers and Raw Materials

DMC Clad uses a range of alloys, steels and other materials for its operations, such as stainless steel, copper alloys, nickel alloys, titanium, zirconium, tantalum, aluminum and other metals. DMC Clad sources its raw materials from a number of different producers and suppliers. DMC Clad holds a limited metal inventory and purchases its raw materials based on contract specifications. Under most contracts, any raw material price increases are passed on to DMC Clad's customers. DMC Clad closely monitors the quality of its supplies and inspects the type, dimensions, markings, and certification of all incoming metals to ensure that the materials will satisfy applicable construction codes. DMC Clad also manufactures a majority of its own explosives from standard raw materials, thus achieving higher quality and lower cost.

Competition

Metal Cladding. DMC Clad faces competition from alternative technologies such as rollbond and weld overlay. Usually the three processes do not compete directly against each other, each having its own preferential domain of application relating to metal used and thicknesses required. However, due to specific project considerations such as technical specifications, price and delivery time, explosion-welding may have the opportunity to compete successfully against these technologies. Rollbond is only produced by a few steel mills in the world. The weld overlay process, which

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is produced among the many vessel fabricators who are often also DMC Clad customers, is a slow and labor intensive process that requires a large amount of floor space for the equipment.

Explosion-Welded Metal Cladding. Competition in the explosion-welded clad metal business is fragmented. DMC Clad holds a strong market position in the clad metal industry. DMC Clad is the leading producer of explosion-welded clad products in North America, and it has a strong position in Europe against smaller competitors. The main competitor in Asia is a division of Asahi Kasei, which has competitive technology and a recognized local brand name. There are several explosion-welded clad producers in China, most of whom are technically limited and are currently not exporters outside of their domestic market. A number of additional small competitors operate throughout the world. To remain competitive, DMC Clad intends to continue developing and providing technologically advanced manufacturing services, maintain quality levels, offer flexible delivery schedules, deliver finished products on a reliable basis and compete favorably on the basis of price.

Customer Profile

DMC Clad's products are used in critical applications in a variety of industries, including upstream oil and gas, oil refinery, chemical and petrochemical, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration and other similar industries. DMC Clad's customers in these industries require metal products that can withstand exposure to corrosive materials, high temperatures and high pressures. DMC Clad's customers can be divided into three tiers: the product end users (e.g., operators of chemical processing plants), the engineering contractors who design and construct plants for end users, and the metal fabricators who manufacture the products or equipment that utilize DMC Clad's metal products. It is typically the fabricator that places the purchase order with DMC Clad and pays the corresponding invoice. DMC Clad has developed strong relationships over the years with the engineering contractors (relatively large companies) who sometimes act as prescriptor to fabricators.

Marketing, Sales, Distribution

DMC Clad conducts its selling efforts by marketing its services to potential customers through senior management, direct sales personnel, program managers, and independent sales representatives. Prospective customers in specific industries are identified through networking in the industry, cooperative relationships with suppliers, public relations, customer references, inquiries from technical articles and seminars and trade shows. DMC Clad markets its clad metal products to three tiers of customers: end-user owner companies, engineering contractors, and metal fabricators. DMC Clad's sales office in the United States covers the Americas and East Asia. Its sales offices in Europe cover the full European continent, Africa, the Middle East, India, and Southeast Asia. These sales teams are further supported by local sales offices in Italy, the Middle East, and India, with contract agents in most other developed countries, including China, Korea, Russia and Brazil. Contract agents typically work under multi-year agreements which are subject to sales performance as well as compliance with DMC Clad quality and customer service expectations. Members of the global sales team may be called to work on projects located outside their usual territory. By maintaining relationships with its existing customers, developing new relationship with prospective customers, and educating all its customers as to the technical benefits of DMC Clad's products, DMC Clad endeavors to have its products specified as early as possible in the design process.

DMC Clad's sales are generally shipped from the manufacturing locations in the United States, Germany and France. Generally, any shipping costs or duties for which DMC Clad is responsible will be included in the price paid by the customer. Regardless of where the sale is booked (in Europe or the U.S.), DMC Clad will produce it, capacity permitting, at the location closest to the delivery place. In the event that there is a short term capacity issue, DMC Clad produces the order at any of its production sites, prioritizing timing. The various production sites allow DMC Clad to meet customer production needs in a timely manner.

Research and Development

We prepare a formal research and development plan annually. It is implemented at the French, German, and U.S. cladding sites and is supervised by a Technical Committee, chaired by our Senior Vice President — Customers and Technology, that reviews progress quarterly and meets once a year to establish the plan for the following 12 months. The research and development projects concern process support, new products, and special customer-paid projects.

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Oilfield Products

Suppliers and Raw Materials

DYNAenergetics utilizes a variety of raw materials for the production of oilfield perforating and seismic products, including high quality steel tubes, steel and copper, explosives (RDX, HMX, HNS), granulates, plastics and ancillary plastic product components. DYNAenergetics' product line consists of complex products which require numerous high quality components. DYNAenergetics obtains its raw materials primarily from a number of different producers in Germany and other European countries, but also purchases materials from North American, Chinese, and other international suppliers.

Competition

DYNAenergetics faces competition from independent producers of perforating products who are not committed to the large service companies and from large oil and gas service companies, such as Halliburton and Schlumberger, who produce most of their own needs for shaped charges but buy other components from suppliers. DYNAenergetics competes for sales primarily on price and customer service as well as the quality and performance of its products.

Customer Profile

Onshore and offshore oilfield service companies use our DYNAenergetics products. Our customers desire perforating products that satisfy both their specific needs and expectations and difficult geological realities, such as high pressures and temperatures in the bore hole, which exist in areas where perforating products and services are used. We believe that our customers must balance costs and risks for every job and that our typical DYNAenergetics customer possesses a conservative risk tolerance. Consequently, we believe that our customers will be more likely to trust products with proven reliability in the field and will be cautious regarding new product innovation.

The customers for oilfield products can be divided into four broad categories: buying centers of large service companies, service companies worldwide, oil companies with and without their own service companies, and local resellers. DYNAenergetics' customer base includes clients from each of these categories.

Marketing, Sales, Distribution

DYNAenergetics' worldwide marketing and sales efforts for its oilfield and seismic products are based in Laatzen, Germany. DYNAenergetics' sales strategy focuses on direct selling, distribution through licensed distributors and independent sales representatives, the establishment of international distribution centers to better manage high international transport costs, and educating current and potential customers about its products and technologies. Currently, DYNAenergetics sells its oilfield and seismic products through wholly owned affiliates in the U.S., Canada and Russia; through a majority owned subsidiary in Kazakhstan; and through independent sales agents in other parts of the world.

Research and Development

DYNAenergetics attaches great importance to its research and development capabilities and has devoted substantial resources to its R&D programs. The R&D staff works closely with sales and operations management teams to establish priorities and effectively manage individual projects. Through its ongoing involvement in oil and gas industry trade shows and conferences, DYNAenergetics has increased its profile in the oil and gas industry. An R&D Project Plan, which focuses on new products, process support and customer paid projects, is prepared and reviewed at least annually in cooperation with the Sales, Operations and Quality departments.

AMK Welding

At AMK Welding, the materials welded are a function of the type of parts supplied by the customers and include many steel varieties, various nickel alloys and customer-created proprietary alloys typically used in the aerospace and ground turbine industries. Other than metal wire used in the welding process, AMK Welding does not purchase metals, and it receives the parts to be welded from the customer.

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AMK Welding relies on a few key customers for the majority of its business, including GE Energy, General Electric Aircraft Engines and their first tier subcontractors, such as Barnes Aerospace, and divisions of United Technology, such as Hamilton Standard, Sikorsky Aircraft and Pratt and Whitney. AMK Welding generally competes against a small number of welding companies that are typically privately owned. AMK Welding competes successfully based on a reputation for uncompromising quality and rapid responsiveness to customer needs.

Corporate History and Recent Developments

The genesis of the Company was an unincorporated business called "Explosive Fabricators," which was formed in Colorado in 1965. The business was incorporated in Colorado in 1971 under the name "E. F. Industries, Inc.," which was later changed to "Explosive Fabricators, Inc." The Company became a public company in 1977. In 1994, the Company changed its name to "Dynamic Materials Corporation." The Company reincorporated in Delaware in 1997.

In 1976, the Company became a licensee of Detaclad®, the explosion-weld clad process developed by DuPont in 1959. In 1996, the Company purchased the Detaclad® operating business from Dupont.

Through a series of transactions culminating in June 2000, SNPE, Inc. ("SNPE"), a U.S. corporation indirectly wholly owned by the French Government, acquired approximately 56% of the Company's outstanding common stock through open market purchases as well as direct investment in the Company. SNPE also loaned the Company approximately $1.2 million using a convertible subordinated note. On May 15, 2006, SNPE sold all of the shares it had previously purchased, as well as those received through the conversion of the note, in an underwritten public offering.

During its history, the Company has acquired a number of businesses. In 1998, the Company acquired AMK Welding, currently an operating division of the Company. Also in 1998, the Company acquired two other businesses which were subsequently sold in 2003 and 2004, respectively.

In 2001, the Company acquired substantially all of the stock of Nobelclad Europe SA (a French company) ("Nobelclad"); Nobelclad had previously acquired the stock of Nitro Metall AB (a Swedish company) ("Nitro Metall"). The stock of Nobelclad was acquired from an affiliate of our parent company at the time, SNPE. Early in its history, Nobelclad was a licensee of the Detaclad® technology. The acquisition of Nobelclad expanded the Company's explosive metalworking operations to Europe.

In 2007, the Company acquired the German company DYNAenergetics GmbH and Co. KG ("DYNAenergetics") and certain affiliates. DYNAenergetics was comprised of two primary businesses: explosive metalworking and oilfield products. This acquisition expanded the Company's explosive metalworking operations in Europe and added a complimentary business segment, oilfield products.

In 2009, the Company acquired all of the stock of Alberta Canada based LRI Oil Tools Inc. ("LRI") which is now operating under the name of DYNAenergetics Canada. DYNAenergetics Canada produces and distributes perforating equipment for use by the oil and gas exploration and production industry. The business had a long-term strategic relationship with the Company's Oilfield Products segment, and had served for several years as its sole Canadian distributor.

On April 30, 2010, the Company purchased the outstanding minority-owned interests in its two Russian joint ventures that were previously majority-owned by the Company's Oilfield Products business segment. These joint ventures include DYNAenergetics RUS, which is a Russian trading company that sells the Company's oilfield products, and Perfoline, which is a Russian manufacturer of perforating gun systems.

On June 4, 2010, the Company completed its acquisition of Texas-based Austin Explosives Company (AECO), which is now operating under the name DYNAenergetics US, Inc. This business is now part of the Company's Oilfield Products business segment. AECO had been a long-time distributor of DYNAenergetics shaped charges.

On January 3, 2012, the Company acquired the assets and operating business of Texas-based TRX Industries, Inc., ("TRX"), a manufacturer of perforating guns and one of DYNAenergetic's suppliers. This business is now part of the Company's Oilfield Products business segment.

Our current explosive metalworking segment is comprised of the Company's U.S. Clad operations as well as the assets and operations purchased in the Nobelclad and Dynaplat acquisitions. The Oilfield Products segment is comprised entirely of DYNAenergetics and its subsidiaries. Our third segment is AMK Welding. Property locations for these operations are listed in detail in Item 2.

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Employees

As of December 31, 2011, we employed 456 permanent employees, the majority of whom are engaged in manufacturing operations, with the remainder being engaged in sales and marketing or corporate functions.

The majority of our manufacturing employees are not unionized. Of the 456 permanent employees, 197 are U.S. based, 108 are based in Germany at the Dynaplat and DYNAenergetics facilities, 61 are based in France at the Nobelclad facility, 48 are based in Canada at the DYNAenergetics Canada facilities, 34 are based in Russia at our DYNAenergetics RUS and Perfoline facilities, 6 are based in Kazakhstan at our KAZ DYNAenergetics facility and 2 are based in Sweden at Nitro Metall. Approximately 60% of our German-based employees are members of trade unions. About 45% of Nobelclad's employees and all Nitro Metall employees are members of trade unions. In addition, we also use a number of temporary workers at any given time, depending on the workload.

In the last three years, the Company has not experienced any strikes or work stoppages. We believe that employee relations are good.

Insurance

Our operations expose us to potential liabilities for personal injury or death as a result of the failure of a component that has been designed, manufactured, or serviced by us, or the irregularity or failure of products we have processed or distributed. We maintain liability insurance that we believe adequately protects us from future product liability claims.

Proprietary Knowledge, Permits and Patents

Protection of Proprietary Information. We hold patents related to the business of explosive metalworking and metallic processes and also own certain registered trademarks, including Detaclad®, Detacouple®, Dynalock®, EFTEK®, ETJ 2000® and NOBELCLAD®. Although the patents for the explosion-welded cladding process have expired, our current product application patents expire on various dates through 2020. Since individual patents relate to specific product applications and not to core technology, we do not believe that such patents are material to our business, and the expiration of any single patent is not expected to have a material adverse effect on our operations. Much of the manufacturing expertise lies in the knowledge of the factors that affect the quality of the finished clad product, including the types of metals to be explosion-welded, the setting of the explosion, the composition of the explosive, and the preparation of the plates to be bonded. We have developed this specialized knowledge over our 40 years of experience in the explosive metalworking business. We are very careful in protecting our proprietary know-how and manufacturing expertise, and we have implemented measures and procedures to ensure that the information remains confidential. We hold various patents and licenses through our DYNAenergetics perforating business, but some of the patents are not yet registered. As with the explosive metalworking business segment, since individual patents relate to specific product applications and not to core technology, we do not believe that such patents are material to our business, and the expiration of any single patent is not expected to have a material adverse effect on our current operations. The Dynaplat division of DMC Clad is protected through business secrets not through patents.

Permits. Explosive metalworking and the production of perforation products involve the use of explosives, making safety a critical factor in our operations. In addition, explosive metalworking and the production of oilfield products are highly regulated industries for which detailed permits are required. These permits require renewal every three or four years, depending on the permit. See Item 1A — Risk Factors — *Risk Factors Related to the Dynamic Materials Corporation — We are subject to extensive government regulation and failure to comply could subject us to future liabilities and could adversely affect our ability to conduct or to expand our business* for a more detailed discussion of these permits.

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Foreign and Domestic Operations and Export Sales

All of our sales are shipped from our manufacturing facilities located in the United States, Germany, France, Canada, Sweden and Russia. During 2011, we closed our manufacturing facility in Sweden. The following chart represents our net sales based on the geographic location of the customer. The sales recorded for each country are based on the country to which we shipped the product, regardless of the country of the actual end user. Explosion Metalworking products are usually shipped to the fabricator before being passed on to the end user.

	(Dollars in Thousands) For the years ended December 31,		
	2011	2010	2009
United States	$ 81,410	$ 44,587	$ 62,955
South Korea	29,951	10,309	5,424
Canada	24,151	29,907	12,991
Germany	12,960	25,109	11,702
Russia	8,658	7,067	4,649
France	3,828	5,425	5,788
Rest of the world	47,933	32,335	61,389
Total	$ 208,891	$ 154,739	$ 164,898

Company Information

We are subject to the informational requirements of the Securities Exchange Act of 1934. We therefore file periodic reports, proxy statements and other information with the Securities Exchange Commission (the "SEC"). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically.

Our Internet address is www.dynamicmaterials.com. Information contained on our website does not constitute part of this Annual Report on Form 10-K. Our annual report on SEC Form 10-K, quarterly reports on Forms 10-Q, current reports on Forms 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our website as soon as reasonably practicable after we electronically file such material with or furnish it to the SEC. We also regularly post information about our Company on our website under the Investors tab.

ITEM 1A. Risk Factors

Risk Factors Related to the Explosive Metalworking Segment

Business has slowed down in some of our markets and we experienced a significant decline in 2009 and 2010 sales.

During the fourth quarter of 2008, we began to see a slowdown in DMC Clad sales to some of the markets we serve which continued into 2009 and 2010 and contributed to declines of 31.2% and 26.5% in year-to-year 2009 and 2010 sales, respectively. DMC Clad experienced a sales recovery in 2011 which led to a 28.0% increase in year-to-year 2011 sales. Our order backlog, which decreased to $49.6 million at December 31, 2009 from $97.2 million at December 31, 2008, rebounded only modestly to $56.5 million at December 31, 2010 before decreasing to $44.6 million at December 31, 2011. The explosion-weld cladding market is dependent upon sales of products for use by customers in a limited number of heavy industries, including oil and gas, alternative energy, chemicals and petrochemicals, hydrometallurgy, aluminum production, shipbuilding, power generation, and industrial refrigeration. These industries tend to be cyclical in nature and an economic slowdown in one or all of these industries—whether due to traditional cyclicality, general economic conditions or other factors—could impact capital expenditures within that industry. If demand from such

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industries were to decline or to experience reduced growth rates, our sales would be expected to be affected proportionately, which may have a material adverse effect on our business, financial condition, and results of operations.

Our backlog figures may not accurately predict future sales.

We define "backlog" at any given point in time to consist of all firm, unfulfilled purchase orders and commitments at that time. Generally speaking, we expect to fill most items of backlog within the following 12 months. However, since orders may be rescheduled or canceled and a significant portion of our net sales is derived from a small number of customers, backlog is not necessarily indicative of future sales levels. Moreover, we cannot be sure of when during the future 12-month period we will be able to recognize revenue corresponding to our backlog nor can we be certain that revenues corresponding to our backlog will not fall into periods beyond the 12-month horizon.

There is a limited availability of sites suitable for cladding operations.

Our cladding process involves the detonation of large amounts of explosives. As a result, the sites where we perform cladding must meet certain criteria, including lack of proximity to a densely populated area, the specific geological characteristics of the site, and the ability to comply with local noise and vibration abatement regulations in conducting the process. In addition, our primary U.S. shooting site is subleased under an arrangement pursuant to which we provide certain contractual services to the sub-landlord. The efforts to identify suitable sites and obtain permits for using the sites from local government agencies can be time-consuming and may not be successful. In addition, we could experience difficulty in obtaining or renewing permits because of resistance from residents in the vicinity of proposed sites. The failure to obtain required governmental approvals or permits could limit our ability to expand our cladding business in the future, and the failure to maintain such permits or satisfy other conditions to use the sites would have a material adverse effect on our business, financial condition and results of operations.

The use of explosives subjects us to additional regulation, and any accidents or injuries could subject us to significant liabilities.

Our operations involve the detonation of large amounts of explosives. As a result, we are required to use specific safety precautions under U.S. Occupational Safety and Health Administration guidelines and guidelines of similar entities in Germany and France. These include precautions which must be taken to protect employees from exposure to sound and ground vibration or falling debris associated with the detonation of explosives. There is a risk that an accident or death could occur in one of our facilities. Any accident could result in significant manufacturing delays, disruption of operations or claims for damages resulting from death or injuries, which could result in decreased sales and increased expenses. To date, we have not incurred any significant delays, disruptions or claims resulting from accidents at our facilities. The potential liability resulting from any accident or death, to the extent not covered by insurance, may require us to use other funds to satisfy our obligations and could cause our business to suffer. See "Our use of explosives is an inherently dangerous activity that could lead to temporary or permanent closure of our shooting sites" below.

Our use of explosives is an inherently dangerous activity that could lead to temporary or permanent closure of our shooting sites.

We use a large amount of explosives in connection with the creation of clad metals. The use of explosives is an inherently dangerous activity. Explosions, even if occurring as intended, can lead to damage to the shooting facility or to equipment used at the facility or injury to persons at the facility. If a person were injured or killed in connection with such explosives, or if equipment at the mine or either of the outdoor locations were damaged or destroyed, we might be required to suspend our operations for a period of time while an investigation is undertaken or repairs are made. Such a delay might impact our ability to meet the demand for our products. In addition, if the mine were seriously damaged, we might not be able to locate a suitable replacement site to continue our operations.

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Certain raw materials we use are subject to supply shortages due to general economic conditions.

Although we generally use standard metals and other materials in manufacturing our products, certain materials such as specific grades of carbon steel, titanium, zirconium and nickel can be subject to supply shortages due to general economic conditions or problems with individual suppliers. While we seek to maintain sufficient alternative supply sources for these materials, we may not always be able to obtain sufficient supplies or obtain supplies at acceptable prices without production delays, additional costs, or a loss of product quality. If we were to fail to obtain sufficient supplies on a timely basis or at acceptable prices, such loss or failure could have a material adverse effect on our business, financial condition, and results of operations.

Certain raw materials we use are subject to price increases due to general economic conditions.

The markets for certain metals and other raw materials used in our business are highly variable and are characterized by periods of increasing prices. While prices for much of the raw materials we use have recently decreased, we may again experience increasing prices. We generally do not hedge commodity prices or enter into forward supply contracts; instead we endeavor to pass along price variations to our customers. We may see a general downturn in business if the price of raw materials increases enough for our customers to delay planned projects or use alternative materials to complete their projects.

Risk Factors Related to DYNAenergetics

Potential downturns in the oil and gas industry and related services industry could have a negative impact on DYNAenergetics's economic success.

The oil and gas industry is unpredictable and has historically been subject to occasional downturns. Demand for DYNAenergetics' products is linked to the financial success of the oil and gas industry as a whole, and downturns in the oil and gas industry, especially in the rate of well drilling, could negatively impact DYNAenergetics' economic success. A variety of factors affect the demand for DYNAenergetics products, including governmental regulation of oil and gas industry and markets, international and domestic prices for oil and gas, weather conditions, the financial condition of DYNAenergetics' clients, and consumption patterns of oil and gas.

The manufacturing of explosives subjects DYNAenergetics to various environmental, health and safety laws.

DYNAenergetics is subject to a number of environmental, health, and safety laws and regulations, the violation of which could result in significant penalties. DYNAenergetics' continued success depends on continued compliance with applicable laws and regulations. In addition, new environmental, health and safety laws and regulations could be passed which could create costly compliance issues. While DYNAenergetics endeavors to comply with all applicable laws and regulations, compliance with future laws and regulations may not be economically feasible or even possible.

DYNAenergetics' continued economic success depends on remaining at the forefront of innovation in the perforating industry.

DYNAenergetics' position in the perforation market depends in part on its ability to remain an innovative leader in the field. The ability to remain competitive depends in part on the retention of talented personnel. DYNAenergetics may be unable to remain an innovative leader in the perforation market segment or may be unable to retain top talent in the field.

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Risk Factors Related to Dynamic Materials Corporation

Weakness in the general global economy may adversely affect certain segments of our end market customers and reduce our sales and results of operations.

We supply products to customers that fabricate industrial equipment for various capital-intensive industries. Weakness in the general global economy may adversely affect our end market customers, causing them to cancel or postpone new plant or infrastructure construction, expansion, maintenance, or retrofitting projects that use our DMC Clad products. Similarly, any decrease in oil and gas well drilling activities will reduce the sales of our DYNAenergetics products. Any decrease in the demand for gas turbines and airplane engines will reduce the demand for the work performed by our AMK division. The global general economic climate may lessen demand for our products and reduce our sales and results of operations.

Our operating results fluctuate from quarter to quarter.

We have experienced, and expect to continue to experience, fluctuations in annual and quarterly operating results caused by various factors, including the timing and size of orders by major customers, customer inventory levels, shifts in product mix, acquisitions and divestitures, and general economic conditions. The upstream oil and gas, oil refinery, chemical and petrochemical, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration and other diversified industries to which we sell our products are, to varying degrees, cyclical and tend to decline in response to overall declines in industrial production. As a result, our business is also cyclical, and the demand for our products by these customers depends, in part, on overall levels of industrial production. Any future material weakness in demand in any of these industries could materially reduce our revenues and profitability. In addition, the threat of terrorism and other geopolitical uncertainty could have a negative impact on the global economy, the industries we serve and our operating results.

We typically do not obtain long-term volume purchase contracts from our customers. Quarterly sales and operating results, therefore, depend on the volume and timing of the orders in our backlog as well as bookings received during the quarter. Significant portions of our operating expenses are fixed, and planned expenditures are based primarily on sales forecasts and product development programs. If sales do not meet our expectations in any given period, the adverse impact on operating results may be magnified by our inability to adjust operating expenses sufficiently or quickly enough to compensate for such a shortfall. Results of operations in any period should not be considered indicative of the results for any future period. Fluctuations in operating results may also result in fluctuations in the price of our common stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We are exposed to potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of many of our operating subsidiaries.

Many of our operating subsidiaries conduct business in Euros or other foreign currency. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of any of our operating subsidiaries will cause us to experience foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. In addition, our company and our operating subsidiaries are exposed to foreign currency risk to the extent that we or they enter into transactions denominated in currencies other than our or their respective functional currencies. For example DYNAenergetics KG's functional currency is Euros, but its sales often occur in U.S. dollars. Changes in exchange rates with respect to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. In addition, we are exposed to foreign exchange rate fluctuations related to our operating subsidiaries' assets and liabilities and to the financial results of foreign subsidiaries and affiliates when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. As a result of foreign currency risk, we may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations. The primary exposure to foreign currency risk for us is to the Euro due to the percentage of our U.S. dollar revenue that is derived from countries where the Euro is the functional currency.

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The terms of our indebtedness contain a number of restrictive covenants, the breach of any of which could result in acceleration of payment of our credit facilities.

We are parties to a syndicated credit agreement that, as of December 31, 2011, had an outstanding balance of approximately $26.5 million. Our credit agreement includes various covenants and restrictions, certain of which relate to the incurrence of additional indebtedness; mortgaging, pledging or disposition of major assets; and limits on capital expenditures and other investments. We are also required to maintain certain financial ratios on a quarterly basis**.** A breach of any of these covenants could result in acceleration of our obligations to repay our debt. As of December 31, 2011, we were in compliance with all financial covenants and other provisions of the credit agreement and our other loan agreements. However, our ability to comply with these covenants and ratios may be affected by events beyond our control, including prevailing economic, financial and industry conditions. Any failure to remain in compliance with any material provision or covenant of our credit agreement could result in a default which would, absent a waiver or amendment, require immediate repayment of outstanding indebtedness under our credit facilities. It may be difficult to liquidate assets sufficient to immediately repay our outstanding indebtedness under our credit facility.

Customers have the right to change orders until products are completed.

Customers have the right to change orders after they have been placed. If orders are changed, the extra expenses associated with the change will be passed on to the customer. However, because a change in an order may delay completion of the project, recognition of income for the project may also be delayed.

There is no assurance that we will continue to compete successfully against other clad, perforating, and welding companies.

Our explosion-welded clad products compete with explosion-welded clad products made by other manufacturers in the clad metal business located throughout the

world and with clad products manufactured using other technologies. Our combined North American and European operations typically supply explosion-welded clad to the worldwide market. There is one other well-known explosion-welded clad supplier worldwide, a division of Asahi-Kasei Corporation of Japan. There are also a number of smaller companies worldwide with explosion-welded clad manufacturing capability, including several companies in China. There are currently no other significant North American based explosion-welded clad suppliers. We focus strongly on reliability, product quality, on-time delivery performance, and low cost manufacturing to minimize the potential of future competitive threats. However, there is no guarantee we will be able to maintain our competitive position.

Explosion-welded clad products also compete with those manufactured by rollbond and weld overlay cladding processes. In rollbond technology, the clad and base metal are bonded together during a hot rolling process in which slab is converted to plate. In weld overlay, which is typically performed by our fabricator customers, the cladding layer is deposited on the base metal through a fusion welding process. The technical and commercial niches of each cladding process are well understood within the industry and vary from one world market location to another. Our products compete with weld overlay clad products manufactured by a significant number of our fabricator customers.

DYNAenergetics competes principally with perforating companies based in North America, South America, and Russia who produce and market perforating services and products. DYNAenergetics also competes with oil and gas service companies who are able to satisfy a portion of their perforating needs through in-house production. To remain competitive, DYNAenergetics must continue to provide innovative products and maintain an excellent reputation for quality, safety, and value. There can be no assurances that we will continue to compete successfully against these companies.

AMK Welding competes principally with other domestic companies that provide welding services to the aircraft engine and power generation industries. Some of these competitors have established positions in the market and long standing relationships with customers. To remain competitive, we must continue to develop and provide technologically advanced welding, heat-treat and inspection services, maintain quality levels, offer flexible delivery schedules, and compete favorably on the basis of price. We compete against other welding companies on the basis of quality, performance and cost. There can be no assurance that we will continue to compete successfully against these companies.

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We are dependent on a relatively small number of customers for a significant portion of our net sales.

A significant portion of our net sales is derived from a relatively small number of customers although sales to no one customer exceeded 10% during any of the last three years. We expect to continue to depend upon our principal customers for a significant portion of our sales, although our principal customers may not continue to purchase products and services from us at current levels, if at all. The loss of one or more major customers or a change in their buying patterns could have a material adverse effect on our business, financial condition, and results of operations. In past years, the majority of DMC Clad's revenues have been derived from customers in the oil and gas, alternative energy, chemicals and petrochemicals, hydrometallurgy, aluminum production, shipbuilding, power generation and industrial refrigeration industries and the majority of AMK Welding's revenues have been derived from customers in the aircraft engine and power generation industries. Economic downturns in these industries could have a material adverse effect on our business, financial condition, and results of operations.

DYNAenergetics, which contributed approximately 35% to our 2011 sales, has customers throughout the world. Economic or political instability in certain regions of the world where DYNAenergetics conducts a significant volume of its business, such as Russia, could have a material adverse effect on DYNAenergetics' business and operating results.

AMK Welding, contributed approximately 5% to our 2011 sales, continues to rely primarily on one customer for the majority of its sales. This customer and AMK Welding have entered into a long-term supply agreement for certain of the services provided to this customer. Any termination of or significant reduction in AMK Welding's business relationship with this customer could have a material adverse effect on AMK Welding's business and operating results.

Failure to attract and retain key personnel could adversely affect our current operations.

Our continued success depends to a large extent upon the efforts and abilities of key managerial and technical employees. The loss of services of certain of these key personnel could have a material adverse effect on our business, results of operations, and financial condition. There can be no assurance that we will be able to attract and retain such individuals on acceptable terms, if at all; and the failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

Liabilities under environmental and safety laws could result in restrictions or prohibitions on our facilities, substantial civil or criminal liabilities, as well as the assessment of strict liability and/or joint and several liability.

We are subject to extensive environmental and safety regulation in North America and Europe. Any failure to comply with current and future environmental and safety regulations could subject us to significant liabilities. In particular, any failure to control the discharge of hazardous materials and wastes could subject us to significant liabilities, which could adversely affect our business, results of operations or financial condition.

We and all our activities in the United States are subject to federal, state and local environmental and safety laws and regulations, including but not limited to, noise abatement and air emissions regulations, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, regulations issued and laws enforced by the labor and employment departments of the U.S. and the states in which we conduct business, by the U.S. Department of Commerce, the U.S. Environmental Protection Agency, and by state and local health and safety agencies. In Germany, we and all our activities are subject to various safety and environmental regulations of the federal state which are enforced by the local authorities, including the Federal Act on Emission Control (Bundesimmissionsschutzgesetz). The Federal Act on Emission Control permits are held by companies jointly owned by DYNAenergetics and the other companies that are located at the Würgendorf and Troisdorf manufacturing sites and are for an indefinite period of time. In France, we and all our activities are subject to state environmental and safety regulations established by various departments of the French Government, including the Ministry of Labor, the Ministry of Ecology and the Ministry of Industry, and to local environmental and safety regulations and administrative procedures established by DRIRE (Direction Régionale de l'Industrie, de la Recherche et de l'Environnement) and the Préfecture des Pyrénées Orientales. In addition, our shooting operations in Germany and France may be particularly vulnerable to noise abatement regulations because these operations are primarily conducted outdoors. The Dillenburg facility is operated based on a mountain plan ("Bergplan"), which is a specific permit granted by the local mountain authority. This permit must be renewed every three years.

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Changes in or compliance with environmental and safety laws and regulations could inhibit or interrupt our operations, or require modifications to our facilities. Any actual or alleged violations of environmental and safety laws could result in restrictions or prohibitions on our facilities, substantial civil or criminal sanctions, as well as the assessment of strict liability and/or joint and several liability under applicable law. Under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at our or our predecessor's past or present facilities and at third party waste disposal sites. We could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage. Accordingly, environmental, health or safety matters may result in significant unanticipated costs or liabilities.

We are subject to extensive government regulation and failure to comply could subject us to future liabilities and could adversely affect our ability to conduct or to expand our business.

We are subject to extensive government regulation in the United States, Germany, France, Canada and Russia, including guidelines and regulations for the safe manufacture, handling, transport and storage of explosives issued by the U.S. Bureau of Alcohol, Tobacco and Firearms; the Federal Motor Carrier Safety Regulations set forth by the U.S. Department of Transportation; the Safety Library Publications of the Institute of Makers of Explosive; and similar guidelines of their European counterparts. In Germany, the transport, storage and use of explosives is governed by a permit issued under the Explosives Act (Sprengstoffgesetz). In France, the manufacture and transportation of explosives is subcontracted to a third party which is responsible for compliance with regulations established by various State and local governmental agencies concerning the handling and transportation of explosives. Our French operations could be adversely affected if the third party does not comply with these regulations. We must comply with licensing and regulations for the purchase, transport, storage, manufacture, handling and use of explosives. In addition, while our shooting facilities in Würgendorf and Troisdorf, Germany and Tautavel, France are located outdoors, our shooting facilities located in Pennsylvania and in Dillenburg, Germany are located in mines, which subject us to certain regulations and oversight of governmental agencies that oversee mines.

We are also subject to extensive environmental and occupational safety regulation, as described below under "Liabilities under environmental and safety laws could result in restrictions or prohibitions on our facilities, substantial civil or criminal liabilities, as well as the assessment of strict liability and/or joint and several liability" and "The use of explosives subjects us to additional regulation, and any accidents or injuries could subject us to significant liabilities."

The export of certain products from the United States or from foreign subsidiaries of U.S. companies is restricted by U.S. and similar foreign export regulations. These regulations generally prevent the export of products that could be used by certain end users, such as those in the nuclear or biochemical industries. In addition, the use and handling of explosives may be subject to increased regulation due to heightened concerns about security and terrorism. Such regulations could restrict our ability to access and use explosives and increase costs associated with the use of such explosives, which could have a material adverse effect on our business, financial condition, and results of operations.

Any failure to comply with current and future regulations in North America and Europe could subject us to future liabilities. In addition, such regulations could restrict our ability to expand our facilities, construct new facilities, or compete in certain markets or could require us to incur other significant expenses in order to maintain compliance. Accordingly, our business, results of operations or financial condition could be adversely affected by our non-compliance with applicable regulations, by any significant limitations on our business as a result of our inability to comply with applicable regulations, or by any requirement that we spend substantial amounts of capital to comply with such regulations.

Work stoppages and other labor relations matters may make it substantially more difficult or expensive for us to produce our products, which could result in decreased sales or increased costs, either of which would negatively impact our financial condition and results of operations.

We are subject to the risk of work stoppages and other labor relations matters, particularly in Germany and France, where some of our employees are unionized. The employees at our U.S. and Canadian facilities, where a significant portion of our products are manufactured, are not unionized. While we believe our relations with employees are satisfactory, any prolonged work stoppage or strike at any one of our principal facilities could have a negative impact on our business, financial condition or results of operations. We have not experienced a strike or work stoppage in the last 3 years. However, if a work stoppage occurs at one or more of our facilities, it may materially impair our ability to operate our business in the future.

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As we regularly test the value of goodwill associated with our recent acquisitions, economic conditions may lead to an impairment of such goodwill.

We review the carrying value of goodwill at least annually to assess impairment because it is not amortized. Additionally, we review the carrying value of any intangible asset or goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Our impairment testing in the fourth quarter of 2011 did not result in a determination that any of our goodwill was impaired. However, future impairment is possible and could occur if (i) the operating results underperform what we have estimated or (ii) additional volatility of the capital markets should cause us to raise the percent discount rate utilized in our discounted cash flow analysis or decrease the multiples utilized in our market-based analysis. The use of different estimates or assumptions within our discounted cash flow model when determining the fair value of our reporting units or using methodologies other than as described above could result in different values for reporting units and could result in an impairment charge.

The unsuccessful integration of a business we acquire could have a material adverse effect on operating results.

We continue to consider possible acquisitions as part of our growth strategy. Any potential acquisition may require additional debt or equity financing, resulting in additional leverage and dilution to existing stockholders. We may be unable to consummate any future acquisition. If any acquisition is made, we may not be able to integrate such acquisition successfully without a material adverse effect on our financial condition or results of operations.

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ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Corporate Headquarters

Our corporate headquarters are located in Boulder, Colorado. The term of the lease for the office space is through November 30, 2015, with renewal options through November 30, 2021.

Explosive Metalworking

We own our principal domestic manufacturing site, which is located in Mount Braddock, Pennsylvania. We currently lease our primary domestic shooting site, which is located in Dunbar, Pennsylvania, and we also have license and risk allocation agreements relating to the use of a secondary shooting site that is located within a few miles of our Mount Braddock, Pennsylvania manufacturing facility. The shooting site in Dunbar and the nearby secondary shooting site support our Mount Braddock manufacturing facility. The lease for the Dunbar property will expire on December 15, 2015, but we have options to renew the lease which extend through December 15, 2029. The license and risk allocation agreements will expire on December 31, 2018, but we have options to renew these agreements through December 31, 2028. Our

German subsidiary, Dynaplat, has a manufacturing site in Würgendorf, Germany and a shooting site in Dillenburg, Germany. Portions of these sites are leased and portions are owned. The lease expiration dates for our Würgendorf manufacturing site is August 31, 2016, but we have options to renew the lease through August 31, 2021 and the expiration date for our Dillenburg shooting site is August 31, 2016 and may be renewed. Our French subsidiary, Nobelclad, owns the land and the buildings housing its operations in Rivesaltes, France, and Tautavel, France (except for a small portion in Tautavel that is leased). This lease expires on December 31, 2016, and may be extended.

Oilfield Products

Our German subsidiary, DYNAenergetics, leases a manufacturing site and sales office in Troisdorf, Germany. The lease expiration date for our Troisdorf manufacturing site is December 31, 2015 and for the sales office the lease expiration date is February 29, 2016. Our Canadian subsidiary, DYNAenergetics Canada leases office and warehouse space in various cities throughout Alberta, Canada. They also lease bunkers for storage of their explosives in various locations throughout Alberta, Canada. These agreements are on a month to month basis. Our DYNAenergetics US subsidiary leases office and warehouse space in various cities throughout Texas, as well as Lafayette, Louisiana and New Mexico. They also lease storage bunkers in various locations in Texas, Arkansas, Louisiana and New Mexico which have month to month agreements. Our Russian subsidiaries lease office and warehouse space in Tyumen and Moscow, Russia. Our Kazakhstan subsidiary leases office and warehouse space in Aktobe, Kazakhstan.

AMK Welding

We own the land and buildings housing the operations of AMK Welding in South Windsor, Connecticut.

Below are charts summarizing our properties by segment, including their location, type, size, whether owned or leased and lease terms, if applicable.

Corporate Headquarters

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Boulder, Colorado	Corporate and Sales Office	14,630 sq. ft.	Leased	November 30, 2015, with renewal options through November 30, 2021

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Explosive Metalworking

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Mt. Braddock, Pennsylvania	Clad Plate Manufacturing	48,000 sq. ft.	Owned	
Dunbar, Pennsylvania	Clad Plate Shooting Site	322 acres	Leased	December 15, 2015, with renewal options through December 15, 2029
Rivesaltes, France	Clad Plate Manufacturing	6.5 acres	Owned	
Rivesaltes, France	Clad Plate Manufacturing, Nobelclad Europe Sales and Administration Office	49,643 sq. ft.	Owned	
Rivesaltes, France	Clad Plate Manufacturing	Land around building: 61,354 sq. ft. Building: 11,302 sq. ft.	Leased Leased	March 31, 2020, with renewal options
Tautavel, France	Clad Shooting Site	116 acres	109 acres owned, 7 acres leased	December 31, 2016, with renewal options
Dillenburg Germany	Dynaplat, Shooting site	11.4 acres 9,849 sq. ft.	Owned Leased	August 31, 2012, with renewal options through August 31, 2021
Würgendorf, Germany	Dynaplat, Manufacturing	Land: 25 acres Shooting site: 4,941 sq. ft. Building: 37,007 sq. ft.	Owned Leased Leased	August 31, 2016, with renewal options
Würgendorf, Germany	Dynaplat, Sales and Administration Office	2,965 sq. ft.	Leased	March 31, 2012

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Oilfield Products

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Troisdorf, Germany	DYNAenergetics, Manufacturing	263,201 sq. ft.	Leased	December 31, 2015
Troisdorf, Germany	DYNAenergetics, Office	2,033 sq. ft.	Leased	February 29, 2016
Laatzen, Germany	DYNAenergetics, Sales	2,314 sq. ft.	Leased	Open terms, but can be cancelled with a six month notice
Alberta, Canada	DYNAenergetics Canada, Manufacturing	160 acres	Owned	
Alberta, Canada	Various storage magazines		Leased	Month to month agreement

Calgary, Alberta	DYNAenergetics Canada, Sales office	535 sq. ft	Leased	September 30, 2012
Edmonton, Alberta	DYNAenergetics Canada, Sales office and warehouse	24,000 sq. ft.	Leased	January 31, 2014
Edmonton, Alberta	DYNAenergetics Canada, Storage magazines	45.56 acres	Leased	Month to month agreement
Grande Prairie, Alberta	DYNAenergetics Canada, Sales office and warehouse	3,000 sq. ft.	Leased	March 31, 2015, with renewal options
Lloydminster, Alberta	DYNAenergetics Canada, Sales office and warehouse	5,460 sq. ft	Leased	October 31, 2014
Red Deer, Alberta	DYNAenergetics Canada, Sales office and warehouse	6,583 sq. ft	Leased	September 30, 2016
Austin, Texas	DYNAenergetics US, Office	2,000 sq. ft	Leased	Month to month agreement
Bridgeport, Texas	DYNAenergetics US, Office and warehouse	4,000 sq. ft	Leased	June 30, 2013
Bridgeport, Texas	DYNAenergetics US, Storage magazine	100 acres	Leased	Month to month agreement
Corpus Christi, Texas	DYNAenergetics US, Office and warehouse	6,000 sq. ft	Leased	August 31, 2013
Houston, Texas	DYNAenergetics US, Office	400 sq. ft	Leased	August 31, 2012
Pearland, Texas	DYNAenergetics US, Office and warehouse	6 acres	Leased	October 31, 2012
Spicewood, Texas	DYNAenergetics US, Storage magazine	500 acres	Leased	Month to month agreement
Tyler, Texas	DYNAenergetics US, Office and warehouse	4,000 sq. ft	Leased	Month to month agreement
Victoria, Texas	DYNAenergetics US, Office and warehouse	4,000 sq. ft	Leased	June 30, 2012
Victoria, Texas	DYNAenergetics US, Storage magazine	4,000 sq. ft	Leased	Month to month agreement
East Camden, AR	DYNAenergetics US, Storage magazine		Leased	Month to month agreement

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Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Lafayette, Louisiana	DYNAenergetics US, Office and warehouse	6,800 sq. ft	Leased	Month to month agreement
Beaux Bridge, Louisiana	DYNAenergetics US, Storage magazine		Leased	Month to month agreement
Hobbs, New Mexico	DYNAenergetics US, Office and warehouse	5,000 sq. ft	Leased	June 30, 2013
Hobbs, New Mexico	DYNAenergetics US, Storage magazines		Leased	Month to month agreement
Tyumen, Russia	Perfoline, Manufacturing	23,369 sq. ft	Leased	July 31, 2012
Moscow, Russia	DYNARus, Sales office	939 sq. ft	Leased	September 1, 2012
Chapaevsk Russia	DYNARus, Warehouse	149 sq. ft	Leased	January 12, 2012
Noyabrsk, Russia	DYNARus, Warehouse	3,229 sq. ft	Leased	December 31, 2012
Nizhnevartovsk, Russia	DYNARus, Warehouse	7,750 sq. ft	Leased	March 31, 2012
Aktobe, Kazakhstan	KazDYNAenergetics, Sales Office	538 sq. ft	Owned	
Aktobe, Kazakhstan	KazDYNAenergetics, Warehouse	20 sq. ft.	Leased	February 28, 2012
Aktobe, Kazakhstan	KazDYNAenergetics, Bunker	1,692 sq. ft.	Owned	
Aktobe, Kazakhstan	KazDYNAenergetics, Land	20 acres	Leased	Year 2050

AMK Welding

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
South Windsor, Connecticut	AMK Welding	33,850 sq. ft.	Owned	

ITEM 3. Legal Proceedings

Although we may in the future become a party to litigation, there are no pending legal proceedings against us.

ITEM 4. Mine Safety Disclosures

Not applicable.

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PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is publicly traded on The Nasdaq National Market ("Nasdaq") under the symbol "BOOM." The following table sets forth quarterly high and low

sales prices for the common stock during our last two fiscal years, as reported by Nasdaq.

	High	Low
2011		
First Quarter	$ 27.99	$ 19.55
Second Quarter	$ 29.69	$ 20.00
Third Quarter	$ 24.49	$ 14.00
Fourth Quarter	$ 24.10	$ 15.00
2010		
First Quarter	$ 22.40	$ 15.10
Second Quarter	$ 19.10	$ 14.02
Third Quarter	$ 17.08	$ 13.50
Fourth Quarter	$ 24.80	$ 14.73

As of March 5, 2012, there were approximately 359 holders of record of our common stock.

We declared and paid quarterly dividends aggregating $0.16 per share dividend in 2011 and 2010. We may pay quarterly dividends subject to capital availability and periodic determinations that cash dividends are in the best interests of our stockholders, but we cannot assure you that such payments will continue. Future dividends may be affected by, among other items, our views on potential future capital requirements, future business prospects, debt covenant compliance considerations, changes in income tax laws, and any other factors that our Board of Directors deems relevant. Any determination to pay cash dividends will be at the discretion of the Board of Directors.

See “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information regarding securities authorized for issuance under our equity compensation plans.

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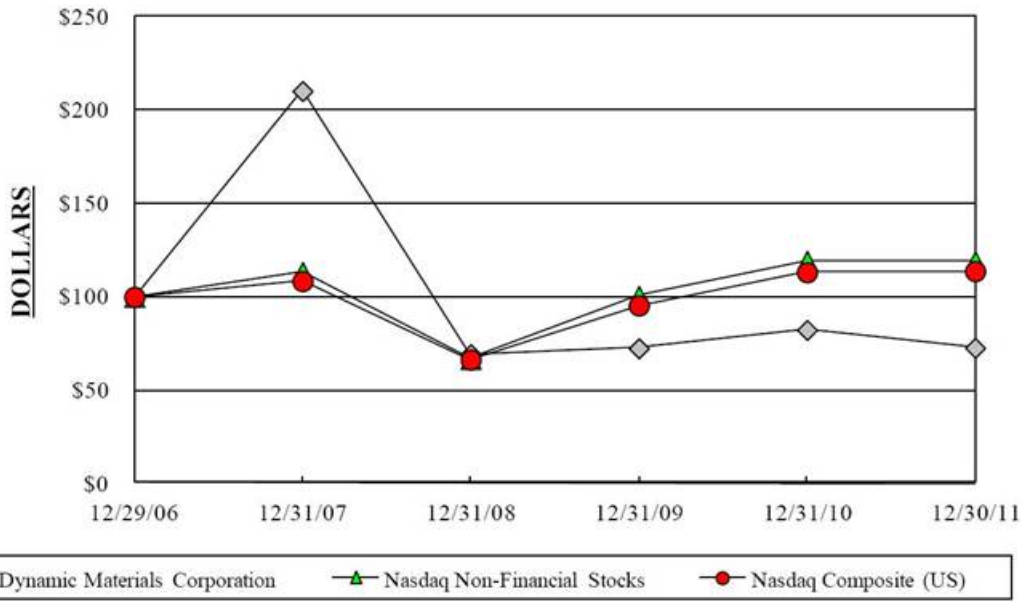
FINANCIAL PERFORMANCE

The following graph compares the performance of our common stock with the Nasdaq Non-Financial Stocks Index and the Nasdaq Composite (U.S.) Index. The comparison of total return (change in year end stock price plus reinvested dividends) for each of the years assumes that $100 was invested on December 29, 2006, in each of the Company, Nasdaq Non-Financial Stocks Index and the Nasdaq Composite (U.S.) Index with investment weighted on the basis of market capitalization. Historical results are not necessarily indicative of future performance.



Total Return Analysis	12/29/06	12/31/07	12/31/08	12/31/09	12/31/10	12/30/11
Dynamic Materials Corporation	$ 100	$ 210.43	$ 69.29	$ 72.41	$ 82.26	$ 72.67
Nasdaq Non-Financial Stocks	$ 100	$ 113.43	$ 66.67	$ 100.55	$ 119.34	$ 119.20
Nasdaq Composite (US)	$ 100	$ 108.47	$ 66.35	$ 95.38	$ 113.19	$ 113.81

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ITEM 6. Selected Financial Data

The following selected financial data should be read in conjunction with the Consolidated Financial Statements, including the related Notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The 2007 selected financial data include the operating results of DYNAenergetics from the November 15, 2007, acquisition date through December 31, 2007, and balance sheet information as of December 31, 2007. The 2009 selected financial data includes the operating results of LRI from the October 1, 2009, acquisition date through December 31, 2009, and balance sheet information as of December 31, 2009. The 2010 selected financial data includes consolidation of the operating results of the two Russian joint ventures from the April 30, 2010, acquisition date, through December 31, 2010, and balance sheet information as of December 31, 2010. The 2010 selected financial data also includes the operating results of DYNAenergetics US from the June 4, 2010,

acquisition date, through December 31, 2010, and balance sheet information as of December 31, 2010.

	(Dollars in Thousands, Except Per Share Data) Year Ended December 31,				
	2011	2010	2009	2008	2007
Statement of Operations					
Net sales	$ 208,891	$ 154,739	$ 164,898	$ 232,577	$ 165,175
Cost of products sold	153,445	117,789	121,779	161,732	110,168
Gross profit	55,446	36,950	43,119	70,845	55,007
Cost and expenses	37,227	30,161	26,881	32,793	16,115
Income from operations	18,219	6,789	16,238	38,052	38,892
Other income (expense), net	(1,409)	(401)	(3,255)	(4,640)	(158)
Income before income taxes	16,810	6,388	12,983	33,412	38,734
Income tax provision	4,369	1,133	4,378	9,206	14,147
Net income	12,441	5,255	8,605	24,206	24,587
Net income (loss) attributable to non-controlling interest	(50)	(10)	56	138	—
Net income attributable to Dynamic Materials Corporation	$ 12,491	$ 5,265	$ 8,549	$ 24,068	$ 24,587
Net income per share:					
Basic	$ 0.94	$ 0.40	$ 0.67	$ 1.89	$ 2.02
Diluted	$ 0.93	$ 0.40	$ 0.66	$ 1.87	$ 1.99
Weighted average number of shares outstanding:					
Basic	13,089,691	12,869,666	12,640,069	12,445,685	12,083,851
Diluted	13,099,121	12,881,754	12,662,440	12,554,402	12,273,135
Dividends Declared per Common Share	$ 0.16	$ 0.16	$ 0.12	$ 0.15	$ 0.15
Financial Position					
Current assets	$ 91,189	$ 72,735	$ 87,974	$ 91,049	$ 94,730
Total assets	213,426	201,393	225,176	229,586	240,899
Current liabilities	29,310	38,392	42,135	45,747	58,818
Long-term debt and capital lease obligations	26,650	14,734	34,556	46,514	62,051
Other non-current liabilities	11,423	13,183	16,189	18,691	21,751
Non-controlling interest	83	160	185	132	—
Dynamic Materials Corporation's stockholders' equity	145,960	134,924	132,111	118,502	98,279

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Selected unaudited quarterly financial data for the years ended December 31, 2011 and 2010 are presented below:

	(Dollars in Thousands, Except Per Share Data) Year ended December 31, 2011			
	Quarter ended March 31,	Quarter ended June 30,	Quarter ended September 30,	Quarter ended December 31,
Net sales	$ 45,574	$ 54,165	$ 54,890	$ 54,262
Gross profit	$ 10,302	$ 15,473	$ 14,832	$ 14,840
Net income	$ 750	$ 3,868	$ 4,273	$ 3,599
Net income per share - basic	$ 0.06	$ 0.29	$ 0.32	$ 0.27
Net income per share - diluted	$ 0.06	$ 0.29	$ 0.32	$ 0.27

	Year ended December 31, 2010			
	Quarter ended March 31,	Quarter ended June 30,	Quarter ended September 30,	Quarter ended December 31,
Net sales	$ 30,357	$ 38,258	$ 41,298	$ 44,826
Gross profit	$ 6,984	$ 9,258	$ 10,853	$ 9,855
Net income (loss)	$ (412)	$ 3,036	$ 1,326	$ 1,315
Net income (loss) per share - basic	$ (0.03)	$ 0.23	$ 0.10	$ 0.10
Net income (loss) per share - diluted	$ (0.03)	$ 0.23	$ 0.10	$ 0.10

The net income per share for the 2011 and 2010 quarters, when totaled, does not equal net income per share for the respective years as the per share amounts for each quarter and for each year are computed based on their respective discrete periods.

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ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our historical consolidated financial statements and notes, as well as the selected historical consolidated financial data included elsewhere in this annual report.

Unless stated otherwise, all dollar figures in this discussion are presented in thousands (000's).

Executive Overview

Our business is organized into three segments: Explosive Metalworking (which we also refer to as DMC Clad), Oilfield Products and AMK Welding. In 2011, Explosive Metalworking accounted for 60% of our net sales and 66% of our income from operations before consideration of unallocated corporate expenses and stock-based compensation expense, which is not allocated to our business segments. Our Oilfield Products and AMK Welding segments accounted for 35% and 5%, respectively, of our 2011 net sales, and 26% and 8%, respectively, of our income from operations before unallocated corporate expenses and stock-based compensation expense. In 2010 and 2009, Explosive Metalworking accounted for 64% and 81% of our net sales, respectively, and 60% and 106%, respectively, of income from operations before unallocated corporate expenses and stock-based compensation expense.

Our 2011 net sales increased by $54,152, or 35.0%, compared to 2010 net sales. This year-to-year consolidated net sales increase reflects sales increases of $27,629 (28.0%) and $27,450 (60.6%) for our Explosive Metalworking and Oilfield Products segments, respectively, that were partially offset by a sales decrease of $927 (8.6%) for our AMK Welding segment. Excluding incremental sales of $5,743 from the acquisition of Austin Explosives on June 4, 2010 and the step acquisition of two Russian joint ventures that was completed on April 30, 2010, our Oilfield Products segment reported an increase of $21,707, or 47.9%, from its 2010 net sales. Income from operations increased 168.4% to $18,219 in 2011 from $6,789 in 2010. This $11,430 increase reflects increases of $8,597 and $3,762 in the operating income reported by our Explosive Metalworking and Oilfield Products segments, respectively, which were partially offset by a decrease in AMK Welding's operating income of $561 and a net increase in aggregate unallocated corporate expenses and stock-based compensation expense of $368. Reported consolidated operating income for 2011 and for 2010 includes amortization expense of $5,707 and $5,330, respectively, relating to purchased intangible assets associated with our acquisition of DYNAenergetics, DYNAenergetics Canada, DYNAenergetics US, and the Russian joint ventures. Our net income increased by 137.2% to $12,491 in 2011 from $5,265 in 2010.

Impact of Current Economic Situation on the Company.

We were only minimally impacted in 2008 by the global economic slowdown. However, during 2009 and 2010, we experienced a significant slowdown in Explosive Metalworking sales to some of the markets we serve. The explosion-welded clad plate market is dependent upon sales of products for use by customers in a number of heavy industries, including oil and gas, alternative energy, chemicals and petrochemicals, hydrometallurgy, aluminum production, shipbuilding, power generation, and industrial refrigeration. These industries tend to be cyclical in nature and the current worldwide economic downturn has affected many of these markets. Despite the slowdown we have seen in certain sectors, including chemical, petrochemical and hydrometallurgy, quoting activity in other end markets remains healthy, and we continue to track an extensive list of projects. While timing of new order inflow remains difficult to predict, our Explosive Metalworking segment has benefited from the modest improvement in 2011 of some of the industries it supplies and we believe that it is well-positioned to further benefit as global economic conditions improve.

As a result of acquisitions made during 2009 and 2010 and strong organic sales growth beginning in the third quarter of 2010, our Oilfield Products segment has grown into a second core business for us, generating 35% of our consolidated net sales in 2011 as compared to only 13% of our consolidated net sales in 2009. We believe the economic environment for this business segment remains positive and we expect to see continued organic sales growth in this segment during 2012 as well as the benefit of incremental sales from the January 3, 2012 acquisition of TRX Industries.

Our Explosive Metalworking backlog, which totaled $97,247 at the end of 2008 before this business segment began to see a significant decline in booking activity, decreased to $41,154 at September 30, 2010 before rebounding to $56,539 at December 31, 2010 on strong fourth quarter 2010 booking activity and then decreasing to $44,564 at December 31, 2011. While the backlog at December 31, 2011 is substantially lower than that at the beginning of the year, our recent quoting activity has been very strong and, after a slow sales start in 2012, we expect full year 2012 Explosive Metalworking net sales to be flat to up slightly from the $126,199 in net sales that this segment reported in 2011. Based

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upon the December 31, 2011 Explosive Metalworking backlog, recent strong quoting activity for this segment and positive sales trends in our Oilfield Products business segment, we believe that our 2012 consolidated net sales could increase by 7% to 10% from the $208,891 in consolidated net sales that we reported in 2011.

Net sales

Explosive Metalworking's revenues are generated principally from sales of clad metal plates and sales of transition joints, which are made from clad plates, to customers that fabricate industrial equipment for various industries, including oil and gas, petrochemicals, alternative energy, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration, and similar industries. While a large portion of the demand for our clad metal products is driven by new plant construction and large plant expansion projects, maintenance and retrofit projects at existing chemical processing, petrochemical processing, oil refining, and aluminum smelting facilities also account for a significant portion of total demand.

Oilfield Products' revenues are generated principally from sales of shaped charges, detonators and detonating cord, and bidirectional boosters and perforating guns to customers who perform the perforation of oil and gas wells and from sales of seismic products to customers involved in oil and gas exploration activities.

AMK Welding's revenues are generated from welding, heat treatment, and inspection services that are provided with respect to customer-supplied parts for customers primarily involved in the power generation industry and aircraft engine markets.

A significant portion of our revenue is derived from a relatively small number of customers; therefore, the failure to complete existing contracts on a timely basis, to receive payment for such services in a timely manner, or to enter into future contracts at projected volumes and profitability levels could adversely affect our ability to meet cash requirements exclusively through operating activities. We attempt to minimize the risk of losing customers or specific contracts by continually improving product quality, delivering product on time and competing aggressively on the basis of price.

Gross profit and cost of products sold

Cost of products sold for Explosive Metalworking includes the cost of metals and alloys used to manufacture clad metal plates, the cost of explosives, employee compensation and benefits, freight, outside processing costs, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

Cost of products sold for Oilfield Products includes the cost of metals, explosives and other raw materials used to manufacture shaped charges, detonating products and perforating guns as well as employee compensation and benefits, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

AMK Welding's cost of products sold consists principally of employee compensation and benefits, welding supplies (wire and gas), depreciation of manufacturing facilities and equipment, outside services and other manufacturing overhead expenses.

Income taxes

Our effective income tax rate increased to 26.0% in 2011 from 17.7% in 2010. Income tax provisions on the earnings of our foreign subsidiaries are provided based upon the respective foreign statutory tax rates for the applicable years. Going forward, based upon existing tax regulations and current federal, state and foreign statutory tax rates, we expect our blended effective tax rate on our projected consolidated pre-tax income to range between 27% and 30% in 2012 and subsequent years.

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Backlog

We use backlog as a primary means of measuring the immediate outlook for our Explosive Metalworking business. We define "backlog" at any given point in time as consisting of all firm, unfulfilled purchase orders and commitments at that time. Generally speaking, we expect to fill most backlog orders within the following 12 months. From experience, most firm purchase orders and commitments are realized.

Our backlog with respect to the Explosive Metalworking segment decreased to $44,564 at December 31, 2011 from $56,539 at December 31, 2010. Based upon the December 31, 2011 Explosive Metalworking backlog, recent strong quoting activity for this segment and positive sales trends in our Oilfield Products business segment, we believe that our 2012 consolidated net sales could increase by 7% to 10% from the $208,891 in consolidated net sales that we reported in 2011.

Year ended December 31, 2011 compared to Year Ended December 31, 2010

Net sales

	2011	2010	Change	Percentage Change
Net sales	$ 208,891	$ 154,739	$ 54,152	35.0 %

Net sales for 2011 increased 35.0% to $208,891 from $154,739 in 2010. Explosive Metalworking sales increased 28.0% to $126,199 in 2011 (60.4% of total sales) from $98,570 in 2010 (63.7% of total sales). This $27,629 sales increase reflects a general strengthening of demand in our Explosive Metalworking business and more than $11 million in second quarter export shipments from our U.S. manufacturing facility on two large orders that were received in December of 2010.

Oilfield Products contributed $72,782 to sales in 2011 (34.8% of total sales) compared to $45,332 in 2010 (29.3% of total sales), which represents a sales increase of 60.6%. Excluding incremental sales of $5,743 from our 2010 acquisition of Austin Explosives and the step acquisition of two Russian joint ventures, 2011 Oilfield Products sales increased $21,707, or 47.9%, reflecting a substantial increase in global oil and gas drilling activities, particularly in North America.

AMK Welding contributed $9,910 to 2011 sales (4.7% of total sales) versus sales of $10,837 in 2010 (7.0% of total sales), a decrease of 8.6%. This decrease includes a $1,932 decline in sales from ground power work that was partially offset by an $827 increase in sales from aircraft engine work.

Gross profit

	2011	2010	Change	Percentage Change
Gross profit	$ 55,446	$ 36,950	$ 18,496	50.1 %
Consolidated gross profit margin rate	26.5 %	23.9 %		

Gross profit increased by 50.1% to $55,446 in 2011 from $36,950 in 2010. Our 2011 consolidated gross profit margin rate increased to 26.5% from 23.9% in 2010. The gross profit margin for Explosive Metalworking increased from 18.8% in 2010 to 22.4% in 2011. Oilfield Products' gross margin remained flat at 33.4% in both 2011 and 2010. The gross profit margin for AMK Welding decreased to 31.1% in 2011 from 33.1% in 2010.

The 19.3% increase in the 2011 gross profit margin rate for Explosive Metalworking reflects an 11.9% increase in our U.S. gross margin rate from 22.2% in 2010 to 24.9% in 2011 and a 45.6% increase in our European gross margin rate from 11.8% in 2010 to 17.2% in 2011 on year-to-year sales increases of 30% and 24%, respectively. The increase in the 2011 gross profit margin rate for our Explosive Metalworking segment relates principally to favorable changes in product mix as compared to 2010 but also reflects a somewhat improved pricing environment compared to the extremely competitive pricing environment that existed throughout 2010 and a more favorable absorption of fixed manufacturing overhead expenses. As has been the case historically, we expect to see continued fluctuations in Explosive Metalworking's quarterly gross margin rates in the future that result from fluctuations in quarterly sales volume and changes in product mix.

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The Oilfield Products gross margin rate of 33.4% in 2011 was the same as that reported in 2010. The absence of change in the Oilfield Products gross margin rate reflects favorable 2011 cost variances resulting from increased production levels that were totally offset by unfavorable changes in product/customer mix.

The decrease in AMK Welding's reported gross margin relates principally to differences in the rate at which AMK Welding absorbed its fixed manufacturing overhead costs based on the sales decrease discussed above.

Based upon the expected contribution to 2012 consolidated net sales by each of our three business segments, we expect our consolidated full year 2012 gross margin to be in a range of 28% to 29%.

General and administrative expenses

	2011	2010	Change	Percentage Change
General and administrative expenses	$ 16,711	$ 13,696	$ 3,015	22.0 %
Percentage of net sales	8.0 %	8.9 %		

General and administrative expenses increased by $3,015, or 22.0%, to $16,711 in 2011 from $13,696 in 2010. Excluding incremental general and administrative expenses of $547 that resulted from the acquisition of Austin Explosives and the Russian joint ventures, our general and administrative expenses increased by $2,468 or 18.0%. This increase includes increases of $781 and $456 in salaries and incentive compensation, respectively, an increase in legal fees of $293, an increase in consulting fees of $227 relating to information technology projects, an increase of $221 in other outside professional service fees, a $146 increase in business development expenses, an increase of $128 in certain corporate governance and public-company expenses (board of director fees, directors and officers insurance and other investor relations expenses), and a net increase of $216 in all other expense categories. As a percentage of net sales, general and administrative expenses decreased to 8.0% in 2011 from 8.9% in 2010.

Selling and distribution expenses

	2011	2010	Change	Percentage Change
Selling and distribution expenses	$ 14,809	$ 11,135	$ 3,674	33.0%
Percentage of net sales	7.1%	7.2%		

Selling and distribution expenses, which include sales commissions of $1,751 in 2011 and $852 in 2010, increased by 33.0% to $14,809 in 2011 from $11,135 in 2010. Excluding incremental selling and distribution expenses of $1,517 that resulted from the acquisition of Austin Explosives and the Russian joint ventures, our selling and distribution expenses increased by $2,157 or 19.4%. This increase in our selling and distribution expenses includes increased selling and distribution expenses of $1,160 at our U.S. divisions and $997 at our foreign divisions. The $1,160 increase in our U.S. selling and distribution expenses reflects increases of $30 and $434 for salaries and accrued incentive compensation, respectively, an increase of $597 for sales commissions and a net increase of $99 in all other spending categories. The $997 increase in our foreign divisions' selling and distribution expenses reflects increases of $373 and $302 for salary expense and sales commissions, respectively, and a net increase of $322 in all other spending categories. As a percentage of net sales, selling and distribution expenses remained relatively flat at 7.1% in 2011 compared to 7.2% in 2010.

Our 2011 consolidated selling and distribution expenses include $6,043 and $8,061 for our Explosive Metalworking and Oilfield Products business segments, respectively. Our 2010 consolidated selling and distribution expenses include $5,166 and $5,186 for our Explosive Metalworking and Oilfield Products business segments, respectively. The higher level of selling and distribution expenses for our Oilfield Products segment relative to its contribution to our consolidated net sales reflects the need, particularly in North America, to maintain a number of strategically located distribution centers that are in close proximity to areas which contain a large concentration of oilfields and enjoy a high volume of related oil and gas drilling activities.

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Amortization expenses

	2011	2010	Change	Percentage Change
Amortization of purchased intangible assets	$ 5,707	$ 5,330	$ 377	7.1%
Percentage of net sales	2.7%	3.4%		

Amortization expense relates to the amortization of values assigned to intangible assets in connection with our November 15, 2007 acquisition of DYNAenergetics, our October 1, 2009 acquisition of LRI, our April 30, 2010 acquisition of the two Russian joint ventures and our June 4, 2010 acquisition of Austin Explosives. Amortization expense for 2011 includes $4,316, $1,191, and $200 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively and increased from 2010, primarily due to a full year of amortization related to 2010 acquisitions. Amortization expense for 2010 includes $3,854, $1,136, $340 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively. Amortization expense (as measured in Euros) associated with the DYNAenergetics acquisition is expected to approximate €3,490 in 2012, and 2012 amortization expense (as measured in Canadian dollars) associated with the LRI acquisition is expected to approximate 80 CAD. Amortization expense (as measured in Euros) associated with the acquisition of the two Russian joint ventures is expected to approximate €232 in 2012, and 2012 amortization expense associated with the Austin Explosives acquisition is expected to approximate $435.

Operating income

	2011	2010	Change	Percentage Change
Operating income	$ 18,219	$ 6,789	$ 11,430	168.4%

Income from operations ("operating income") increased by 168.4% to $18,219 in 2011 from $6,789 in 2010. Explosive Metalworking reported operating income of $16,058 in 2011 as compared to $7,461 in 2010. This 115.2% increase is largely attributable to the 28.0% increase in net sales and the 19.3% increase in the 2011 gross margin rate as discussed above. Operating results of Explosive Metalworking for 2011 and 2010 include $2,224 and $2,271, respectively, of amortization expense of purchased intangible assets.

Oilfield Products reported operating income of $6,188 in 2011 as compared to operating income of $2,426 in 2010. The significant improvement in operating results for our Oilfield Products segment is attributable to the significant increases in sales and gross profit as discussed above that reflect the incremental sales and gross profit from the acquisitions of Austin Explosives and the Russian joint ventures as well as an increase in global oil and gas drilling activities, particularly in North America. Operating results of Oilfield Products for 2011 and 2010 include $3,483 and $3,059, respectively, of amortization expense of purchased intangible assets.

AMK Welding reported operating income of $2,056 in 2011, a decrease of 21.4% from the $2,617 in operating income that it reported in 2010. The decline in AMK's operating income is largely attributable to the declines in sales and gross margin rate as discussed above.

Operating income in 2011 and 2010 includes $2,686 and $2,214, respectively, of unallocated corporate expenses and $3,397 and $3,501, respectively, of stock-based compensation expense. These expenses are not allocated to our business segments and thus are not included in the above 2011 and 2010 operating income totals for Explosive Metalworking, Oilfield Products, and AMK Welding.

Gain on step acquisition of joint ventures

	2011	2010	Change	Percentage Change
Gain on step acquisition of joint ventures	$ —	$ 2,117	$ (2,117)	N/A

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During the second quarter of 2010, we acquired the remaining non-controlling interests in two Russian joint ventures that were previously majority-owned. Prior to the acquisition date, we accounted for the joint ventures as equity investments. As a result of the acquisition of the remaining non-controlling interests, we now consolidate these entities. In accordance with accounting standards applicable to transactions of this nature, we determined the fair value of our interests in these joint ventures immediately prior to the purchase and recognized a resultant gain of $2,117.

Other income (expense), net

	2011	2010	Change	Percentage Change

Other income (expense), net	$ 528	$ 199	$ 329	165.3%

We reported net other income of $528 in 2011 compared to net other income of $199 in 2010. Our 2011 net other income includes net realized and unrealized foreign exchange gains of $372, including a gain of $87 on our currency swap agreement (which expired in April 2011), and net other income items aggregating $156. Our 2010 net other income includes net realized and unrealized foreign exchange gains of $150, including a gain of $118 on our currency swap agreement, and net other income items aggregating $59.

Interest income (expense), net

	2011	2010	Change	Percentage Change
Interest income (expense), net	$ (1,937)	$ (2,972)	$ 1,035	(34.8)%

We recorded net interest expense of $1,937 in 2011 compared to net interest expense of $2,972 in 2010. Our 2010 interest expense includes a non-recurring, non-cash charge of $251 related to the write-off of unamortized debt issuance costs associated with the March prepayment, in the amount of $12,498 (9,020 Euros), of the remaining balance of the Euro term loan that was outstanding under our bank syndicate credit facility. This Euro term loan was scheduled to mature on November 16, 2012. Our 2011 interest expense includes a non-recurring, non-cash charge of $284 related to the write-off of certain unamortized debt issuance costs associated with the our bank syndicate credit facility entered into on November 16, 2007, which was amended and restated in its entirety on December 21, 2011 through a new five-year credit facility with a syndicate of four banks. The decrease in our 2011 interest expense is attributable to a significant reduction in average outstanding borrowings that resulted principally from $22,124 in payments on syndicated term loans during 2010, including the March 2010 prepayment of the Euro term loan discussed above.

Income tax provision

	2011	2010	Change	Percentage Change
Income tax provision	$ 4,369	$ 1,133	$ 3,236	285.6%
Effective tax rate	26.0%	17.7%		

We recorded an income tax provision of $4,369 in 2011 compared to $1,133 in 2010. The 2011 effective tax rate increased to a more normal level of 26.0% from 17.7% in 2010. Our unusually low 2010 effective tax rate related principally to the low tax rate applicable to the non-recurring gain on the acquisition of non-controlling interests in two Russian joint ventures. Our effective tax rate on the $4,281 of "ordinary" pretax income that we reported in 2010 was 25.1%. Our consolidated income tax provision for 2011 and 2010 included $4,078 and $1,670, respectively, related to U.S. taxes, with the remainder relating to net foreign tax provision of $291 in 2011 and a net foreign tax benefit of $537 in 2010 associated with our foreign operations and holding companies.

Our statutory income tax rates range from 19% to 33% for our various U.S. and foreign operating subsidiaries and holding companies. The fluctuations in our consolidated effective tax rate for the years ended December 31, 2011 and 2010 relate principally to the different tax rates in our U.S. and foreign tax jurisdictions and the variation in

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contribution to consolidated pre-tax income from each jurisdiction for the respective periods and also reflect the impact of favorable permanent differences in our foreign taxes.

We expect our blended effective tax rate for 2012 to range from 27% to 30% based on projected pre-tax income.

Adjusted EBITDA

	2011	2010	Change	Percentage Change
Adjusted EBITDA	$ 32,865	$ 21,013	$ 11,852	56.4%

Adjusted EBITDA is a non-GAAP measure that we believe provides an important indicator of our ongoing operating performance. Our aggregate non-cash depreciation, amortization of purchased intangible assets and stock-based compensation expense for 2011 and 2010 was $14,596 and $14,214, respectively. These aggregate non-cash charges represent a significant percentage of the consolidated operating income that we reported for these periods. We use non-GAAP EBITDA and Adjusted EBITDA in our operational and financial decision-making and believe that these non-GAAP measures are a reliable indicator of our ability to generate cash flow from operations and facilitate a more meaningful comparison of the operating performance of our three business segments than do certain GAAP measures. Research analysts, investment bankers and lenders also use EBITDA and Adjusted EBITDA to assess operating performance. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBIDTA.

	2011	2010
Net income attributable to DMC	$ 12,491	$ 5,265
Interest expense	1,945	3,046
Interest income	(8)	(74)
Provision for income taxes	4,369	1,133
Depreciation	5,492	5,383
Amortization of purchased intangible assets	5,707	5,330
EBITDA	29,996	20,083
Stock-based compensation	3,397	3,501
Other (income) expense, net	(528)	(2,316)
Equity in earnings of joint ventures	—	(255)
Adjusted EBITDA	$ 32,865	$ 21,013

Adjusted EBITDA increased 56.4% to $32,865 in 2011 from $21,013 in 2010 primarily due to the $11,430 increase in operating income.

Year ended December 31, 2010 compared to Year Ended December 31, 2009

Net sales

	2010	2009	Change	Percentage Change
Net sales	$ 154,739	$ 164,898	$ (10,159)	(6.2)%

Net sales for 2010 decreased 6.2% to $154,739 from $164,898 in 2009. Explosive Metalworking sales decreased 26.5% to $98,570 in 2010 (63.7% of total sales) from $134,096 in 2009 (81.3% of total sales). The decrease in Explosive Metalworking sales reflects a business slowdown in several of the industries that this business segment serves.

Oilfield Products contributed $45,332 to sales in 2010 (29.3% of total sales) compared to $21,764 in 2009 (13.2% of total sales). Excluding incremental sales of $15,436 from our acquisitions of LRI and Austin Explosives and the step acquisition of two Russian joint ventures, 2010 sales increased $8,132 or 37.4%, reflecting a strong rebound in oil and gas drilling activities in North America and other regions of the world.

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AMK Welding contributed $10,837 to 2010 sales (7.0% of total sales) versus sales of $9,038 in 2009 (5.5% of total sales), an increase of 19.9%.

Gross profit

	2010	2009	Change	Percentage Change
Gross profit	$ 36,950	$ 43,119	$ (6,169)	(14.3)%
Consolidated gross profit margin rate	23.9%	26.1%		

Gross profit decreased by 14.3% to $36,950 in 2010 from $43,119 in 2009. Our 2010 consolidated gross profit margin rate decreased to 23.9% from 26.1% in 2009. The gross profit margin for Explosive Metalworking decreased from 27.0% in 2009 to 18.8% in 2010. Oilfield Products reported a gross margin of 33.4% in 2010 compared to a gross margin of 22.3% in 2009. The gross profit margin for AMK Welding increased to 33.1% in 2010 from 27.0% in 2009.

The 30.3% decrease in the 2010 gross profit margin rate for Explosive Metalworking reflects a 34.6% decrease in our U.S. gross margin rate from 34.0% in 2009 to 22.2% in 2010 and a 24.2% decrease in our European gross margin rate from 15.6% in 2009 to 11.8% in 2010 on year-to-year sales declines of 20.3% and 36.5%, respectively. While lower sales and the resultant less favorable absorption of fixed manufacturing overhead costs have negatively impacted gross margins reported by all of our cladding divisions, the significant decline in our U.S. gross margin rate for 2010 compared to 2009 relates principally to unfavorable changes in product mix and an extremely competitive pricing environment in certain end markets that comprise a significant portion of our 2010 sales. Historically, gross margins for our European explosion welding divisions have been lower than those reported by our U.S. division due to less efficient fixed manufacturing cost structures associated with our smaller European facilities and this has again been case during 2010. While our European cladding divisions also face a competitive pricing environment, the principal reason for the large decrease in our European gross margin rate for 2010 compared to 2009 is the 36.5% decline in sales. As has been the case historically, we expect to see continued fluctuations in Explosive Metalworking's quarterly gross margin rates in the future that result from fluctuations in quarterly sales volume and change in product mix.

The increase in Oilfield Products' 2010 gross margin relates principally to the significant sales increases that are discussed above and favorable changes in product/customer mix. Gross margins reported by the Oilfield Products segment also reflect the incremental margin on intercompany sales to recently acquired former distributors in Canada, the U.S. and Russia as these acquired entities sell products through to the end customers.

The increase in AMK Welding's gross margin relates principally to the sales increase discussed above and associated more favorable absorption of fixed manufacturing overhead expenses.

General and administrative expenses

	2010	2009	Change	Percentage Change
General and administrative expenses	$ 13,696	$ 12,980	$ 716	5.5%
Percentage of net sales	8.9%	7.9%		

General and administrative expenses increased by $716, or 5.5%, to $13,696 in 2010 from $12,980 in 2009. Excluding incremental general and administrative expenses of $1,229 that resulted from the acquisitions of LRI, Austin Explosives and the Russian joint ventures, our general and administrative expenses decreased by $513 or 4%. This decrease includes increases of $113 and $122 in salaries and stock-based compensation, respectively, which were more than offset by a $195 decrease in accrued incentive compensation and a net decrease of $473 in all other expense categories that reflects the impact of tight controls over discretionary spending. As a percentage of net sales, general and administrative expenses increased to 8.9% in 2010 from 7.9% in 2009.

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Selling and distribution expenses

	2010	2009	Change	Percentage Change
Selling and distribution expenses	$ 11,135	$ 8,837	$ 2,298	26.0%
Percentage of net sales	7.2%	5.4%		

Selling and distribution expenses, which include sales commissions of $783 in 2010 and $1,387 in 2009, increased by 26% to $11,135 in 2010 from $8,837 in 2009. Excluding incremental selling and distribution expenses of $3,378 that resulted from the acquisitions of LRI, Austin Explosives and the Russian joint ventures, our selling and distribution expenses decreased by $1,080 or 12.2%. This decrease in our selling and distribution expenses includes decreased selling and distribution expenses of $121 at our U.S. divisions and $959 at our foreign divisions. The decrease in our foreign divisions' selling and distribution expenses relates principally to staff reductions within our European explosion welding facilities and lower sales commissions. The $121 decrease in our U.S. selling and distribution expenses reflects decreases of $121 and $118 for salaries and accrued incentive compensation, respectively, and a net increase of $118 in other spending categories. As a percentage of net sales, selling and distribution expenses increased to 7.2% in 2010 from 5.4% in 2009. The increase in selling and distribution expenses as a percentage of sales relates largely to our Oilfield Products business and the need, particularly in North America, to maintain a number of strategically located distribution centers that are in close proximity to areas which contain a large concentration of oilfields and enjoy a high volume of related oil and gas drilling activities.

Amortization expenses

	2010	2009	Change	Percentage Change
Amortization of purchased intangible assets	$ 5,330	$ 5,064	$ 266	5.3%
Percentage of net sales	3.4%	3.1%		

Amortization expense relates to the amortization of values assigned to intangible assets in connection with our November 15, 2007 acquisition of DYNAenergetics, our October 1, 2009 acquisition of LRI, our April 30, 2010 acquisition of the two Russian joint ventures and our June 4, 2010 acquisition of Austin Explosives. Amortization expense for 2010 includes $3,854, $1,136, and $340 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively. Amortization expense for 2009 includes $3,511, $1,173, $380 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively.

Operating income

	2010	2009	Change	Percentage Change
Operating income	$ 6,789	$ 16,238	$ (9,449)	(58.2)%

Income from operations ("operating income") decreased by 58.2% to $6,789 in 2010 from $16,238 in 2009. Explosive Metalworking reported operating income of $7,461 in 2010 as compared to $23,301 in 2009. This 68% decrease is largely attributable to the 26.5% decrease in net sales and the 30.3% decline in the 2010 gross margin rate as discussed above. Operating results of Explosive Metalworking for 2010 and 2009 include $2,271 and $2,407, respectively, of amortization expense of purchased intangible assets.

Oilfield products reported operating income of $2,426 in 2010 as compared to an operating loss of $3,074 in 2009. The significant improvement in operating results for our Oilfield Products segment is attributable to the significant increases in sales and gross profit as discussed above that reflect the incremental sales and gross profit from the acquisitions of LRI, Austin Explosives and the Russian joint ventures as well as an increase in global oil and gas drilling activities, particularly in North America. Operating results of Oilfield Products for 2010 and 2009 include $3,059 and $2,657, respectively, of amortization expense of purchased intangible assets.

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AMK Welding reported operating income of $2,617 in 2010, an increase of 56.6% from the $1,671 that it reported in 2009. The improvement in AMK's operating income is largely attributable to the 19.9% sales increase discussed above.

Operating income in 2010 and 2009 includes $2,214 and $2,235, respectively of unallocated corporate expenses and $3,501 and $3,425, respectively, of stock-based compensation expense. These expenses are not allocated to our business segments and thus are not included in the above 2010 and 2009 operating income totals for Explosive Metalworking, Oilfield Products, and AMK Welding.

Gain on step acquisition of joint ventures

	2010	2009	Change	Percentage Change
Gain on step acquisition of joint ventures	$ 2,117	$ —	$ 2,117	N/A

During the second quarter of 2010, we acquired the remaining non-controlling interests in two Russian joint ventures that were previously majority-owned. Prior to the acquisition date, we accounted for the joint ventures as equity investments. As a result of the acquisition of the remaining non-controlling interests, we now consolidate these entities. In accordance with accounting standards applicable to transactions of this nature, we determined the fair value of our interests in these joint ventures immediately prior to the purchase and recognized a resultant gain of $2,117.

Other income (expense), net

	2010	2009	Change	Percentage Change
Other income (expense), net	$ 199	$ (219)	$ 418	(190.9)%

We reported net other income of $199 in 2010 compared to net other expense of $219 in 2009. Our 2010 net other income includes net realized and unrealized foreign exchange gains of $150, including a gain of $118 on our currency swap agreement, and net other income items aggregating $49. Our 2009 other net expense of $219 relates principally to realized and unrealized foreign exchange losses recorded by our Swedish and German subsidiaries.

Interest income (expense), net

	2010	2009	Change	Percentage Change
Interest income (expense), net	$ (2,972)	$ (3,257)	$ 285	(8.8)%

We recorded net interest expense of $2,972 in 2010 compared to net interest expense of $3,257 in 2009. Our 2010 interest expense includes a non-recurring, non-cash charge of $251 related to the write-off of unamortized debt issuance costs associated with the March prepayment, in the amount of $12,498 (9,020 Euros), of the remaining balance of the Euro term loan that was outstanding under our bank syndicate credit facility. This Euro term loan was scheduled to mature on November 16, 2012. The decrease in interest expense is attributable to a significant reduction in average outstanding borrowings that resulted from scheduled term loan payments and the March 2010 prepayment of the Euro term loan. Interest savings from these term loan reductions were partially offset by higher average interest rates in 2010 that relate principally to the October 2009 amendment to our bank syndicated credit facility which resulted in an increase in the interest rate charged on outstanding borrowings of 1.5% per annum.

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Income tax provision

	2010	2009	Change	Percentage Change
Income tax provision	$ 1,133	$ 4,378	$ (3,245)	(74.1)%
Effective tax rate	17.7%	33.9%		

We recorded an income tax provision of $1,133 in 2010 compared to $4,378 in 2009. Our 2010 income tax provision included a provision of $59 associated with the $2,117 non-recurring gain that we recorded on the acquisition of non-controlling interest in two Russian joint ventures as discussed above and a provision of $1,074 on the remaining pretax income of $4,281. The effective tax rate decreased to 17.7% in 2010 from 33.9% in 2009 due principally to the low tax rate applicable to the non-recurring

gain on the acquisition of non-controlling interest in two Russian joint ventures. Our effective tax rate on the $4,281 of "ordinary" pretax income that we reported was 25.1%. Our consolidated income tax provision for 2010 and 2009 included $1,670 and $5,659, respectively, related to U.S. taxes, with the remainder relating to net foreign tax benefits of $537 and $1,281 in 2010 and 2009, respectively, associated with our foreign operations and holding companies.

Adjusted EBITDA

	2010	2009	Change	Percentage Change
Adjusted EBITDA	$ 21,013	$ 29,713	$ (8,700)	(29.3)%

Adjusted EBITDA is a non-GAAP measure that we believe provides an important indicator of our ongoing operating performance. Our aggregate non-cash depreciation, amortization and stock-based compensation expense for the years ended December 31, 2010 and 2009 was $14,214 and $13,531, respectively, and represents a significant percentage of the consolidated operating income that we reported for these years. We use non-GAAP EBITDA and Adjusted EBITDA in our operational and financial decision-making and believe that these non-GAAP measures are a reliable indicator of our ability to generate cash flow from operations and facilitate a more meaningful comparison of the operating performance of our three business segments than do certain GAAP measures. Research analysts, investment bankers and lenders also use EBITDA and Adjusted EBITDA to assess operating performance. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBIDTA.

	2010	2009
Net income attributable to DMC	$ 5,265	$ 8,549
Interest expense	3,046	3,473
Interest income	(74)	(216)
Provision for income taxes	1,133	4,378
Depreciation	5,383	5,042
Amortization of purchased intangible assets	5,330	5,064
EBITDA	20,083	26,290
Stock-based compensation	3,501	3,425
Other (income) expense, net	(2,316)	219
Equity in earnings of joint ventures	(255)	(221)
Adjusted EBITDA	$ 21,013	$ 29,713

Adjusted EBITDA decreased 29.3% to $21,013 in 2010 from $29,713 in 2009 primarily due to the decrease in operating income of $9,449.

Liquidity and Capital Resources

We have historically financed our operations from a combination of internally generated cash flow, revolving credit borrowings, various long-term debt arrangements, and the issuance of common stock. We believe that cash flow

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from operations and funds available under our current credit facilities and any future replacement thereof will be sufficient to fund the working capital, debt service, and capital expenditure requirements of our current business operations for the foreseeable future. Nevertheless, our ability to generate sufficient cash flows from operations will depend upon our success in executing our strategies. If we are unable to (i) realize sales from our backlog; (ii) secure new customer orders at attractive prices; and (iii) continue to implement cost-effective internal processes, our ability to meet cash requirements through operating activities could be impacted. Furthermore, any restriction on the availability of borrowings under our credit facilities could negatively affect our ability to meet future cash requirements.

Debt facilities

On December 21, 2011, we entered into a five-year syndicated credit agreement, which provides revolving loan availability of $36,000, 16,000 Euros and 1,500 Canadian Dollars through a syndicate of four banks, and amends and restates in its entirety our prior syndicated credit agreement entered into on November 16, 2007. Our prior syndicated credit agreement provided for revolving loan availability of $25,000 and 7,000 Euros, and also had a remaining balance of $13,247 outstanding under a $45,000 term loan. On the closing date of our amended and restated new credit agreement, the remaining outstanding balance on our term loan was converted to a revolving credit loan.

There are two significant financial covenants under our syndicated credit agreement, the leverage ratio and fixed charge coverage ratio requirements. The leverage ratio is defined in the credit agreement as Consolidated Funded Indebtedness at the balance sheet date as compared to Consolidated EBITDA, which is defined as earnings before provisions for income taxes, interest expense, depreciation and amortization, extraordinary, non-recurring charges and other non-cash charges, for the previous twelve months. For the years ended December 31, 2010 and 2011, Consolidated EBITDA approximated the "Adjusted EBITDA" that we reported for the respective periods. As of December 31, 2011, the maximum leverage ratio permitted by our credit facility was 2.25 to 1.0. The actual leverage ratio as of December 31, 2011 was 0.83 to 1.0. The maximum leverage ratio permitted as of March 31, June 30, September 30 and December 31, 2012 is also 2.25 to 1.0.

The fixed charge ratio, as defined in the credit agreement, means, for any period, the ratio of Consolidated EBITDA to Fixed Charges. Consolidated EBITDA is defined above and Fixed Charges equals the sum of cash interest expense, cash dividends, cash income taxes and an amount equal to 75% of depreciation expense. As of December 31, 2011, the minimum fixed charge ratio permitted by our credit facility was 2.0 to 1.0. The actual fixed charge ratio as of December 31, 2011 was 2.50 to 1.0. The minimum fixed charge coverage ratio permitted for the twelve month periods ending March 31, June 30, September 30 and December 31, 2012 is 2.0 to 1.0.

As of December 31, 2011, U.S. dollar revolving loans of $20,247 and Euro revolving loans of $6,215 were outstanding under our syndicated credit agreement, $13 was outstanding under our separate DYNAenergetics' line of credit agreements, and $1,271 was outstanding under loan agreements with the former owners of LRI. While we had approximately $39,484 of unutilized revolving credit loan capacity as of December 31, 2011 under our various credit facilities, future borrowings are subject to compliance with financial covenants that could significantly limit availability.

On January 3, 2012 we acquired TRX Industries (see Note 10) at which time we borrowed an additional $10,000 on our U.S. dollar revolving loan.

Debt and other contractual obligations and commitments

Our existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets, and maintenance of specified financial ratios. As of December 31, 2011, we were in compliance with all financial covenants and other provisions of our debt agreements.

The table below presents principal cash flows by expected maturity dates for our debt obligations and other contractual obligations and commitments as of December 31, 2011:

	Payment Due by Period As of December 31, 2011				
Contractual Obligations	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**	**Total**
Total long-term debt and interest obligations (1)	$ 1,159	$ 121	$ —	$ —	$ 1,280
Capital lease obligations (2)	72	77	—	—	149
Operating lease obligations (3)	1,639	2,050	809	196	4,694
License agreements obligations (4)	239	478	478	478	1,673
Purchase obligations (5)	22,946	—	—	—	22,946
Total	$ 26,055	$ 2,726	$ 1,287	$ 674	$ 30,742

(1) Amounts represent future cash payments on our long-term debt and interest expense obligations and are reflected in accompanying Consolidated Balance Sheets.

(2) The present value of these capital lease obligations are included in our Consolidated Balance Sheets. See Note 9 of the Notes to Consolidated Financial Statements for additional information.

(3) The operating lease obligations presented reflect future minimum lease payments due under non-cancelable portions of our leases as of December 31, 2011. Our operating lease obligations are described in Note 9 of the Notes to Consolidated Financial Statements.

(4) The license agreements obligations presented reflect future minimum payments due under non-cancelable portions of our agreements as of December 31, 2011. Our license agreements obligations are described in Note 9 of the Notes to Consolidated Financial Statements.

(5) Amounts represent commitments to purchase goods or services to be utilized in the normal course of business. These amounts are not reflected in accompanying Consolidated Balance Sheets.

As of December 31, 2011, we have $20,247 and $6,215 of outstanding borrowings under our U.S. and Euro revolving lines of credit, respectively, at then current interest rates of 3.25% and 2.91%, respectively. On January 3, 2012, the interest rate on our U.S. borrowings was reduced to 1.55%. The credit agreement has a five-year term ending December 21, 2016. For more information about our debt obligations, see Note 5 to our consolidated financial statements elsewhere in this annual report.

Cash flows from operating activities

Net cash flows provided by operating activities for 2011 totaled $9,726. Significant sources of operating cash flow included net income of $12,441, non-cash depreciation and amortization expense of $11,848, and stock-based compensation of $3,397. Operating cash flow for the year was reduced by a deferred income tax benefit of $1,587 and net negative changes in working capital of $16,408. Negative cash flows from changes in working capital included increases in accounts receivable, inventories and prepaid expenses and decrease in accounts payable of $9,551, $8,392, $1,346 and $1,035, respectively. These were partly offset by increases in accrued expenses and other liabilities of $3,451 and customer advances of $465. The $9,551 increase in accounts receivables follows the $9,436 increase in fourth quarter 2011 consolidated sales compared to those in the fourth quarter of 2010. The $8,392 increase in inventories relates principally to our Oilfield Products segment, which has made a deliberate effort to build up its finished goods inventories to better meet the strong increase in business activity that the segment has experienced in 2011 and the expected sales demand in 2012. The $3,342 increase in accrued expenses and other liabilities relates to both timing issues and a significant increase in accrued incentive compensation.

Net cash flows provided by operating activities for 2010 totaled $16,693. Significant sources of operating cash flow included net income of $5,255, non-cash depreciation and amortization expense of $11,300, stock-based

compensation of $3,501 and net positive changes in working capital of $683. These sources of operating cash flow were partially offset by a $2,117 non-cash gain on step acquisition of joint ventures and a deferred income tax benefit of $1,708. Positive cash flows from changes in working capital included decreases in accounts receivable and inventories and increases in accounts payable of $2,690, $1,696, and $2,970, respectively. These were partly offset by decreases in customer advances and accrued expenses and other liabilities of $4,871 and $1,365, respectively. The decreases in accounts receivable and inventories reflect declines of more than 20% in our Explosive Metalworking segment's accounts receivable and inventory balances that follow the decrease in this segment's sales levels, with these declines being partially offset by increased accounts receivable and inventories in our Oilfield Products segment, which reflect a strong rebound in this segment's underlying sales and production activity during the last half of 2010. The decrease in customer advances reflects the return of customer advances to a more normal level after the inclusion at December 31, 2009 of a $4,500 advance from one customer on a large order that was shipped during 2010. The increase in accounts payable relates primarily to the timing of inventory purchases and payments while the decrease in accrued expenses and other liabilities relates to both timing issues and a decrease in accrued incentive compensation.

Net cash flows provided by operating activities for 2009 totaled $29,540. Significant sources of operating cash flow included net income of $8,605, non-cash depreciation and amortization expense of $10,403, stock-based compensation of $3,425 and net positive changes in working capital of $10,112. Deferred income tax benefits of $2,784 partly offset these sources of operating cash flows. Positive cash flows from changes in working capital included decreases in accounts receivable and inventories and increases in customer advances of $11,891, $6,604, and $3,813, respectively. These were partly offset by increases in prepaid expenses of $571 and decreases in accounts payables and accrued expenses and other liabilities of $8,045 and $3,580, respectively.

Cash flows from investing activities

Net cash flows used in investing activities for 2011 totaled $7,731 which consisted almost entirely of capital expenditures.

Net cash flows used in investing activities for 2010 totaled $9,265 which included investments in acquisitions of $5,685 and $3,527 in capital expenditures.

Net cash flows used in investing activities for 2009 totaled $4,142 and consisted primarily of $3,917 in capital expenditures and $284 of cash paid in connection with the acquisition of LRI.

Cash flows from financing activities

Net cash flows used in financing activities for 2011 totaled $1,395. Significant uses of cash for financing activities included term loan payments of $22,247, including a prepayment of $13,247, under our prior syndicated credit agreement that was replaced on December 21, 2011 by a new five-year syndicated credit facility that provides for approximately $60,000 of revolving loan availability, payment of annual dividends of $2,130, $627 in final principal payments on our Nord LB term loans, $435 payment of debt issuance costs related to the new syndicated credit agreement and $295 payment on capital lease obligations. Sources of cash flow from financing activities included net borrowings on bank lines of credit of $24,191, including net borrowings of $25,402 under our new syndicated credit facility, and $177 in net proceeds from the issuance of common stock relating to the exercise of stock options.

Net cash flows used in financing activities for 2010 totaled $24,947. Significant uses of cash for financing activities included $2,876 in required prepayments of term loans under our syndicated credit agreement from excess cash flow that we generated in fiscal year 2009, $12,498 to prepay the remaining principal balance of our Euro term loan under our syndicated credit agreement, $6,750 for scheduled term loan principal payments under our syndicated credit agreement, payment of annual dividends of $2,089, $797 in principal payments on our Nord LB term loans, $601 for the negative tax impact of stock-based compensation and payment on capital lease obligations of $304. Sources of cash flow from financing activities included net borrowings on bank lines of credit of $780 and $188 in net proceeds from the issuance of common stock relating to the exercise of stock options.

Net cash flows used in financing activities for 2009 totaled $17,730. Significant uses of cash for financing activities included $9,760 for scheduled term loan principal payments under our syndicated credit agreement, $3,854 in required prepayments of term loans under our syndicated credit agreement from excess cash flow we generated in 2008, payments on loans with their former LRI owners of $1,231, repayments of LRI's bank line of credit of $952, payment of annual dividends of $1,028 and $876 in principal payments on our Nord LB term loans. Sources of cash flow from

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financing activities included $425 in net proceeds from the issuance of common stock relating to the exercise of stock options and $90 for excess tax benefits related to stock option exercises.

Critical Accounting Policies

Our historical consolidated financial statements and notes to our historical consolidated financial statements contain information that is pertinent to our management's discussion and analysis of financial condition and results of operations. Preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that our management make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. However, the accounting principles used by us generally do not change our reported cash flows or liquidity. Existing rules must be interpreted and judgments made on how the specifics of a given rule apply to us.

In management's opinion, the more significant reporting areas impacted by management's judgments and estimates are revenue recognition, asset impairments, goodwill and other intangible assets, and income taxes. Management's judgments and estimates in these areas are based on information available from both internal and external sources, and actual results could differ from the estimates, as additional information becomes known. We believe the following to be our most critical accounting policies.

Revenue recognition

Sales of clad metal products and welding services are generally based upon customer specifications set forth in customer purchase orders and require us to provide certifications relative to metals used, services performed and the results of any non-destructive testing that the customer has requested be performed. All issues of conformity of the product to specifications are resolved before the product is shipped and billed. Products related to the oilfield products segment, which include detonating cords, detonators, bi-directional boosters and shaped charges, as well as, seismic related explosives and accessories, are standard in nature. In all cases, revenue is recognized only when all four of the following criteria have been satisfied: persuasive evidence of an arrangement exists; the price is fixed or determinable; delivery has occurred; and collection is reasonably assured. For contracts that require multiple shipments, revenue is recorded only for the units included in each individual shipment. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a probable loss, we will account for such anticipated loss.

Asset impairments

We review our long-lived assets to be held and used by us for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In so doing, we estimate the future net cash flows expected to result from the use of these assets and their eventual disposition. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of these assets, an impairment loss is recognized to reduce the asset to its estimated fair value. Otherwise, an impairment loss is not recognized. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less costs to sell.

Business Combinations

We account for our business acquisitions using the purchase method of accounting. We allocate the total cost of the acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding multiple, highly subjective variables, including those with respect to future cash flows, discount rates, asset lives, and the use of different valuation models and therefore require considerable judgment. Our estimates and assumptions are based, in part, on the availability of listed market prices or other transparent market data. These determinations affect the amount of amortization expense recognized in future periods. We base our fair value estimates on assumptions we believe to be reasonable but are inherently uncertain.

Goodwill and Other Intangible Assets

We review the carrying value of goodwill at least annually to assess impairment because it is not amortized. Additionally, we review the carrying value of any intangible asset or goodwill whenever events or changes in

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circumstances indicate that its carrying amount may not be recoverable. Examples of such events or changes in circumstances, many of which are subjective in nature, include significant negative industry or economic trends, significant changes in the manner of our use of the acquired assets or our strategy, a significant decrease in the market value of the asset, and a significant change in legal factors or in the business climate that could affect the value of the asset. If an impairment indicator is present, we perform an analysis to confirm whether an impairment has actually occurred and if so, the amount of the required impairment charge. We assess impairment by comparing the fair value

of an identifiable intangible asset or goodwill with its carrying value. The determination of fair value involves significant management judgment and assumptions, including assumptions regarding estimated useful lives, revenue growth, operating margins, future market conditions and discount rates.

We evaluate goodwill for impairment on a "reporting unit" level on at least an annual basis. A reporting unit is a group of businesses (i) for which discrete financial information is available and (ii) that have similar economic characteristics. We test goodwill for impairment first by determining the fair value of each reporting unit and then comparing the fair value of each reporting unit to its carrying value. If carrying value exceeds fair value for any reporting unit, then we calculate and compare the implied fair value of goodwill to the carrying amount of goodwill and record an impairment charge for any excess of carrying value over implied fair value. Our impairment testing has not resulted in a determination that any of our goodwill was impaired. A future impairment is possible and could occur if (i) operating results underperform what we have estimated or (ii) additional volatility of the capital markets or other factors should cause us to raise the percent discount rate utilized in our discounted cash flow analysis or decrease the multiples utilized in our market-based analysis. The use of different estimates or assumptions within our discounted cash flow model when determining the fair value of our reporting units or using methodologies other than as described above could result in different values for reporting units and could result in an impairment charge.

Finite-lived intangible assets are reviewed for impairment when indicators are present. We compare the expected undiscounted future operating cash flows associated with these finite-lived assets to their respective carrying values to determine if they are fully recoverable. If the expected future operating cash flows of an asset are not sufficient to recover the carrying value, we estimate the fair value of the asset. Impairment is recognized when the carrying amount of the asset is not recoverable and when the carrying value exceeds fair value. The projected cash flows require several assumptions related to, among other things, relevant market factors, revenue growth, if any, and operating margins.

Income taxes

We are required to recognize deferred tax assets and deferred tax liabilities for the expected future income tax consequences of transactions that have been included in our financial statements but not our tax returns. Deferred tax assets and liabilities are determined based on income tax credits and on the temporary differences between the Consolidated Financial Statement basis and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We routinely evaluate deferred tax assets to determine if they will, more likely than not, be recovered from future projected taxable income; if not, we record an appropriate valuation allowance.

Off Balance Sheet Arrangements

We have no obligations, assets or liabilities other than those appearing or disclosed in our financial statements forming part of this annual report; no trading activities involving non-exchange traded contracts accounted for at fair value; and no relationships and transactions with persons or entities that derive benefits from their non-independent relationship with us or our related parties.

Forward-Looking Statements

This annual report and the documents incorporated by reference into it contain certain forward-looking statements within the safe harbor provisions of the Private Securities Litigations Reform Act of 1995. These statements include information with respect to our anticipated future financial condition and results of operations and businesses. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "continue," "project," "forecast," and similar expressions, as well as statements in the future tense, identify forward-looking statements.

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These forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include:

- The ability to obtain new contracts at attractive prices;
- The size and timing of customer orders;
- Fluctuations in customer demand;
- General economic conditions, both domestically and abroad, and their effect on us and our customers;
- Competitive factors;
- The timely completion of contracts;
- The timing and size of expenditures;
- The timely receipt of government approvals and permits;
- The adequacy of local labor supplies at our facilities;
- The availability and cost of funds; and
- Fluctuations in foreign currencies.

The effects of these factors are difficult to predict. New factors emerge from time to time and we cannot assess the potential impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date of this annual report, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of such statement or to reflect the occurrence of unanticipated events. In addition, see "Risk Factors" for a discussion of these and other factors.

Recent Accounting Pronouncements

Please refer to Note 2 to our Consolidated Financial Statements in this annual report for a discussion of recent accounting pronouncements and their anticipated effect on our business.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our interest rate risk management policies are designed to reduce the potential earnings volatility that could arise from changes in interest rates. Periodically, we use

interest rate swaps to stabilize funding costs by managing the exposure created by the differing maturities and interest rate structures of our assets and liabilities. See Note 2 to the Consolidated Financial Statements for further information on interest rate risk management.

Foreign Currency Risk

Our consolidated financial statements are expressed in U.S. dollars, but a portion of our business is conducted in currencies other than U.S. dollars. Changes in the exchange rates for such currencies into U.S. dollars can affect our revenues, earnings, and the carrying value of our assets and liabilities in our consolidated balance sheet, either positively or negatively. Sales made in currencies other than U.S. dollars accounted for 34%, 38%, and 45% of total sales for the years ended 2011, 2010, and 2009, respectively.

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ITEM 8. Financial Statements and Supplementary Data

DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2011 and 2010 and for Each of the Three Years Ended December 31, 2011, 2010 and 2009

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The consolidated financial statement schedules required by Regulation S-X are filed under Item 15 "Exhibits and Financial Statement Schedules".

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Report of Independent Registered Public Accounting Firm

The Stockholders and the
Board of Directors of Dynamic Materials Corporation:

We have audited the accompanying consolidated balance sheets of Dynamic Materials Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also include the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dynamic Materials Corporation and subsidiaries at December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Dynamic Materials Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
March 9, 2012

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND 2010
(Dollars in Thousands)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,276	$ 4,572

Accounts receivable, net of allowance for doubtful accounts of $424 and $378, respectively	36,368	27,567
Inventories	43,218	35,880
Prepaid expenses and other	4,858	3,659
Current deferred tax assets	1,469	1,057
Total current assets	91,189	72,735
PROPERTY, PLANT AND EQUIPMENT	72,914	66,734
Less - accumulated depreciation	(31,512)	(26,928)
Property, plant and equipment, net	41,402	39,806
GOODWILL, net	37,507	39,173
PURCHASED INTANGIBLE ASSETS, net	42,054	48,490
DEFERRED TAX ASSETS	485	248
OTHER ASSETS, net	789	941
TOTAL ASSETS	$ 213,426	$ 201,393

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND 2010
(Dollars in Thousands, Except Share and Per Share Data)

	2011	2010
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 14,753	$ 16,109
Accrued expenses	5,358	3,529
Dividend payable	535	529
Accrued income taxes	780	477
Accrued employee compensation and benefits	4,666	3,711
Customer advances	1,918	1,531
Lines of credit	13	2,621
Current maturities on long-term debt	1,153	9,596
Current portion of capital lease obligations	66	272
Current deferred tax liabilities	68	17
Total current liabilities	29,310	38,392
LINES OF CREDIT	26,462	—
LONG-TERM DEBT	118	14,579
CAPITAL LEASE OBLIGATIONS	70	155
DEFERRED TAX LIABILITIES	10,185	12,083
OTHER LONG-TERM LIABILITIES	1,238	1,100
Total liabilities	67,383	66,309
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares	—	—
Common stock, $0.05 par value; 25,000,000 shares authorized; 13,367,169 and 13,224,696 shares issued and outstanding, respectively	668	661
Additional paid-in capital	55,983	52,451
Retained earnings	98,565	88,210
Other cumulative comprehensive loss	(9,256)	(6,398)
Total Dynamic Materials Corporation's stockholders' equity	145,960	134,924
Non-controlling interest	83	160
Total stockholders' equity	146,043	135,084
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 213,426	$ 201,393

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Dollars in Thousands, Except Share Data)

	2011	2010	2009
NET SALES	$ 208,891	$ 154,739	$ 164,898
COST OF PRODUCTS SOLD	153,445	117,789	121,779
Gross profit	55,446	36,950	43,119
COSTS AND EXPENSES:			
General and administrative expenses	16,711	13,696	12,980
Selling and distribution expenses	14,809	11,135	8,837
Amortization of purchased intangible assets	5,707	5,330	5,064
Total costs and expenses	37,227	30,161	26,881
INCOME FROM OPERATIONS	18,219	6,789	16,238
OTHER INCOME (EXPENSE):			
Gain on step acquisition of joint ventures	—	2,117	—
Other income (expense), net	528	199	(219)
Interest expense	(1,945)	(3,046)	(3,473)
Interest income	8	61	173
Related party interest income	—	13	43
Equity in earnings of joint ventures	—	255	221
INCOME BEFORE INCOME TAXES	16,810	6,388	12,983
INCOME TAX PROVISION	4,369	1,133	4,378
NET INCOME	12,441	5,255	8,605
Less: Net income (loss) attributable to non-controlling interest	(50)	(10)	56
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	$ 12,491	$ 5,265	$ 8,549
NET INCOME PER SHARE:			
Basic	$ 0.94	$ 0.40	$ 0.67
Diluted	$ 0.93	$ 0.40	$ 0.66
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
Basic	13,089,691	12,869,666	12,640,069
Diluted	13,099,121	12,881,754	12,662,440
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.16	$ 0.16	$ 0.12

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Thousands)

	Dynamic Materials Corporation Stockholders						
	Common Stock		Additional Paid-In Capital	Retained Earnings	Other Cumulative Comprehensive Income/(Loss)	Non-Controlling Interest	Total
	Shares	Amount					
Balances, December 31, 2008	12,781	$ 639	$ 42,050	$ 78,042	$ (2,229)	$ 132	$ 118,634
Comprehensive income:							
Net income	—	—	—	8,549	—	56	8,605
Derivative valuation, net of tax of $221	—	—	—	—	432	—	432
Change in cumulative foreign currency translation adjustment	—	—	—	—	2,137	(3)	2,134
Comprehensive income						53	11,171
Shares issued for acquisitions	5	—	94	—	—	—	94
Shares issued in connection with stock compensation plans	84	4	421	—	—	—	425
Tax impact of stock-based compensation	—	—	90	—	—	—	90
Stock-based compensation	—	—	3,425	—	—	—	3,425
Dividends declared	—	—	—	(1,543)	—	—	(1,543)
Balances, December 31, 2009	12,870	$ 643	$ 46,080	$ 85,048	$ 340	$ 185	$ 132,296
Comprehensive income:							
Net income (loss)	—	—	—	5,265	—	(10)	5,255
Derivative valuation, net of tax of $299	—	—	—	—	454	—	454
Change in cumulative foreign currency translation adjustment	—	—	—	—	(7,192)	(15)	(7,207)
Comprehensive income						(25)	(1,498)
Shares issued for acquisitions	222	11	3,290	—	—	—	3,301
Shares issued in connection with stock compensation plans	133	7	181	—	—	—	188

Tax impact of stock-based compensation	—	—	(601)	—	—	—	(601)
Stock-based compensation	—	—	3,501	—	—	—	3,501
Dividends declared	—	—	—	(2,103)	—	—	(2,103)
Balances, December 31, 2010	13,225	$ 661	$ 52,451	$ 88,210	$ (6,398)	$ 160	$ 135,084
Comprehensive income:							
Net income (loss)	—	—	—	12,491	—	(50)	12,441
Change in cumulative foreign currency translation adjustment	—	—	—	—	(2,858)	(69)	(2,927)
Comprehensive income						(119)	9,514
Shares issued in connection with stock compensation plans	142	7	170	—	—	—	177
Tax impact of stock-based compensation	—	—	(35)	—	—	—	(35)
Stock-based compensation	—	—	3,397	—	—	—	3,397
Dividends declared	—	—	—	(2,136)	—	—	(2,136)
Contribution from non-controlling stockholder						42	42
Balances, December 31, 2011	13,367	$ 668	$ 55,983	$ 98,565	$ (9,256)	$ 83	$ 146,043

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Dollars in Thousands)

	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 12,441	$ 5,255	$ 8,605
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation (including capital lease amortization)	5,492	5,383	5,042
Amortization of purchased intangible assets	5,707	5,330	5,064
Amortization of deferred debt issuance costs	649	587	297
Stock-based compensation	3,397	3,501	3,425
Deferred income tax benefit	(1,587)	(1,708)	(2,784)
Equity in earnings of joint ventures	—	(255)	(221)
Gain on step acquisition of joint ventures	—	(2,117)	—
Loss on disposal of property, plant and equipment	35	34	—
Change in:			
Accounts receivable, net	(9,551)	2,690	11,891
Inventories	(8,392)	1,696	6,604
Prepaid expenses and other	(1,346)	(437)	(571)
Accounts payable	(1,035)	2,970	(8,045)
Customer advances	465	(4,871)	3,813
Accrued expenses and other liabilities	3,451	(1,365)	(3,580)
Net cash provided by operating activities	9,726	16,693	29,540
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(7,726)	(3,527)	(3,917)
Acquisition of Austin Explosives Company	—	(3,620)	—
Step acquisition of joint ventures, net of cash acquired	—	(2,065)	—
Acquisition of LRI, net of cash acquired	—	—	(284)
Change in other non-current assets	(5)	(53)	59
Net cash used in investing activities	(7,731)	(9,265)	(4,142)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Dollars in Thousands)

	2011	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment on syndicated term loans	(22,247)	(22,124)	(13,614)
Borrowings (repayments) on bank lines of credit, net	24,191	780	(952)
Payment on loans with former owners of LRI	(36)	—	(1,231)
Payment on Nord LB term loans	(627)	(797)	(876)
Payment on capital lease obligations	(295)	(304)	(203)
Payment of dividends	(2,130)	(2,089)	(1,028)
Payment of deferred debt issuance costs	(435)	—	(341)
Contribution from non-controlling stockholder	42	—	—
Net proceeds from issuance of common stock to employees and directors	177	188	425
Tax impact of stock-based compensation	(35)	(601)	90

Net cash used in financing activities	(1,395)	(24,947)	(17,730)
EFFECTS OF EXCHANGE RATES ON CASH	104	(320)	383
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	704	(17,839)	8,051
CASH AND CASH EQUIVALENTS, beginning of the period	4,572	22,411	14,360
CASH AND CASH EQUIVALENTS, end of the period	$ 5,276	$ 4,572	$ 22,411
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for -			
Interest	$ 1,280	$ 2,458	$ 3,017
Income taxes, net	$ 5,847	$ 4,111	$ 6,132
NON-CASH FINANCING ACTIVITY:			
Common stock issued for acquisitions	$ —	$ 3,301	$ 94
Debt assumed in acquisitions	$ —	$ —	$ 5,553

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Currency Amounts in Thousands, Except Per Share Data)

(1) ORGANIZATION AND BUSINESS

Dynamic Materials Corporation ("DMC") was incorporated in the state of Colorado in 1971 and reincorporated in the state of Delaware during 1997. DMC is headquartered in Boulder, Colorado and has manufacturing facilities in the United States, Germany, France, Canada and Russia. Customers are located throughout the world. DMC currently operates under three business segments — Explosive Metalworking, in which metals are metallurgically joined or altered by using explosives; Oilfield Products, which manufactures, markets, and sells oil field perforating equipment and explosives; and AMK Welding, which utilizes a number of welding technologies to weld components for manufacturers of jet engines and ground-based turbines. DMC has eight wholly-owned operating subsidiaries, Nobelclad Europe S.A. ("Nobelclad"), Nitro Metall Aktiebolag ("Nitro Metall"), DYNAenergetics GmbH and Co. KG ("DYNAenergetics"), Dynaplat GmbH and Co. KG ("Dynaplat"), DYNAenergetics Canada, DYNAenergetics RUS, Perfoline and DYNAenergetics US. DYNAenergetics Canada (formerly LRI Oil Tools, Inc.) was acquired in 2009 as described below and DYNAenergetics RUS, Perfoline and DYNAenergetics US (formally Austin Explosives Company) were acquired in 2010 also as described below. DMC also has one majority-owned subsidiary, KAZ DYNAenergetics, who distributes perforating equipment in Kazakhstan. In addition, DMC has six wholly owned holding companies. Dynamic Materials Luxembourg S.a r.l 1, Dynamic Materials Luxembourg S.a r.l 2, DYNAenergetics Holding GmbH, DYNAenergetics Beteiligungs GmbH and Dynaplat Holdings GmbH were established in connection with the acquisition of DYNAenergetics and DYNAenergetics NA, LLC was established in connection with the acquisition of LRI Oil Tools, Inc.

2009 Acquisition

On October 1, 2009, we acquired all of the stock of Alberta, Canada based LRI Oil Tools Inc ("LRI"), which is now operating under the name DYNAenergetics Canada. DYNAenergetics Canada produces and distributes perforating equipment for use by the oil and gas exploration and production industry. The business had a long-term strategic relationship with our Oilfield Products segment and had served for several years as our sole Canadian distributor. Our statements of operations include the effect of the LRI acquisition from the October 1, 2009 closing date. See Note 3 for additional disclosures regarding this acquisition.

2010 Acquisitions

On April 30, 2010, we purchased the outstanding minority-owned interests in our two Russian joint ventures that were previously majority owned by our Oilfield Products business segment. These joint ventures include DYNAenergetics RUS, which is a Russian trading company that sells our oilfield products, and Perfoline, which is a Russian manufacturer of perforating gun systems. Our statements of operations include the effect of the DYNAenergetics RUS and Perfoline acquisitions from the April 30, 2010 closing date. See Note 3 for additional disclosures regarding these acquisitions.

On June 4, 2010, we completed our acquisition of the assets of Texas-based Austin Explosives Company ("AECO"). This business is now part of our Oilfield Products business segment. AECO had been a long-time distributor of DYNAenergetics shaped charges. Our statements of operations include the effect of the AECO acquisition from the June 4, 2010 closing date. See Note 3 for additional disclosures regarding this acquisition.

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of DMC and its controlled subsidiaries. Only subsidiaries in which controlling interests are maintained are consolidated. The equity method is used to account for our ownership in subsidiaries where we do not have a controlling interest. All significant intercompany accounts, profits, and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Foreign Operations and Foreign Exchange Rate Risk

The functional currency for our foreign operations is the applicable local currency for each affiliate company. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at exchange rates in effect at period-end, and the statements of operations are translated at the average exchange rates during the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded as a separate component of stockholders' equity and are included in other cumulative comprehensive income (loss). Transactions denominated in currencies other than the local currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. As a result, amounts related to assets and liabilities reported in the consolidated statements of cash flows will not agree to changes in the corresponding balances in the consolidated balance sheets. The effects of exchange rate changes on cash balances held in foreign currencies are reported as a separate line item below cash flows from financing activities.

In September 2010, our German subsidiary, DYNAenergetics, entered into a currency swap agreement with its bank to economically hedge the currency risk associated with a large U.S. dollar order ($2,700) that was awarded to it. Under the agreement, DYNAenergetics agreed to exchange $2,700 for Euros at an exchange rate of 1.269 U.S. dollars per Euros between January 18, 2011 and April 30, 2011. We did not designate this derivative as a cash flow hedge for accounting purposes and as such, gains and losses related to changes in its valuation were recorded in the statement of operations. During the years ended December 31, 2011 and 2010, we recorded gains on this currency swap agreement of $87 and $118, respectively. These gains are classified as other income (expense), net in our statement of operations.

In September 2011, DYNAenergetics entered into a new currency hedge agreement with its bank to hedge its risk on a new $2,500 order which is similar to the order described above. This hedge agreement, which was amended in December 2011, allows DYNAenergetics to sell $2,500 for Euros at an exchange rate of 1.425 U.S. dollars per Euros if the market rate is under 1.25 or above 1.425 at the time of settlement. If the market rate upon settlement is between 1.25 and 1.425, the market rate will be used. The only exception to this would be if the market exchange rate were to drop below 1.25 any time prior to the settlement in which case the rate upon settlement will be 1.425 even if the exchange rate subsequently rises back above 1.25 prior to settlement. This hedge agreement expires on May 3, 2012. We did not designate this derivative as a cash flow hedge for accounting purposes and as such, gains and losses related to changes in its valuation will be recorded in the statement of operations. The fair value of the instrument at December 31, 2011 and the change in fair value of this hedge from its inception to December 31, 2011 were immaterial.

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Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated financial statements, we consider highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

We estimate our allowance for doubtful accounts based on historical rates of write-offs of uncollectible receivables and our evaluation of the year end composition of accounts receivable.

Inventories

Inventories are stated at the lower-of-cost (first-in, first-out) or market value. Cost elements included in inventory are material, labor, subcontract costs, and factory overhead. Inventories consist of the following at December 31, 2011 and 2010:

	2011	2010
Raw materials	$ 15,526	$ 12,001
Work-in-process	10,511	11,387
Finished goods	15,947	11,870
Supplies	1,234	622
	$ 43,218	$ 35,880

Shipping and handling costs incurred by us upon shipment to customers are included in cost of products sold in the accompanying consolidated statements of operations.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, except for assets acquired in acquisitions which are recorded at fair value. Additions, improvements, and betterments are capitalized. Maintenance and repairs are charged to operations as the costs are incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related asset (except leasehold improvements which are depreciated over the shorter of their estimated useful life or the lease term) as follows:

Buildings and improvements	15-30 years
Manufacturing equipment and tooling	3-15 years
Furniture, fixtures, and computer equipment	3-10 years
Other	3-10 years

Property, plant and equipment consist of the following at December 31, 2011 and 2010:

	2011	2010
Land	$ 2,249	$ 2,293
Buildings and improvements	22,212	21,940
Manufacturing equipment and tooling	33,409	32,333
Furniture, fixtures and computer equipment	6,741	6,347
Other	2,257	1,787
Construction in process	6,046	2,034
	$ 72,914	$ 66,734

Asset Impairments

We review our long-lived assets to be held and used by us for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In so doing, we estimate the future net cash flows expected to result from the use of these assets and their eventual disposition. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of these assets, an impairment loss is recognized to reduce these assets to their estimated fair values. Otherwise, an impairment loss is not recognized. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell. There have been no asset impairments for the years ending December 31, 2011, 2010 and 2009.

Goodwill

Goodwill represents the excess of acquisition costs over the fair value of net assets of businesses acquired. Goodwill is not amortized; however, the carrying value of goodwill must be tested annually for impairment on a reporting unit level. Our policy is to test goodwill in the fourth quarter of each year unless circumstances indicate impairment during an intervening period. We test goodwill for impairment using the following two-step approach:

The first step is a comparison of each reporting unit's fair value to its carrying value. We estimate fair value using the best information available, including market information and discounted cash flow projections, also referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projections incorporate our best estimates of economic and market conditions over the projected period including growth rates in sales and estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. We validate our estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach.

If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist, and the second step must be performed to measure the amount of impairment loss. In the second step, the fair value of the reporting unit is allocated to the assets and liabilities of the reporting unit as if it had just been acquired in a business combination and as if the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. We then compare that implied fair value of the reporting unit's goodwill to the carrying value of that goodwill. If the implied fair value is less than the carrying value, we recognize an impairment loss for the excess.

Our quantitative impairment testing has not resulted in a determination that any of our goodwill is impaired. A future impairment is possible and could occur if (i) operating results underperform what we have estimated or (ii) additional volatility of the capital markets should cause us to raise the discount rate utilized in our discounted cash flow analysis or decrease the multiples utilized in our market-based analysis. The use of different estimates or assumptions within the discounted cash flow model when determining the fair value of our reporting units or using methodologies other than as described above could result in different values for reporting units and could result in an impairment charge.

The changes to the carrying amount of goodwill during the period are summarized below:

	Explosive Metalworking	Oilfield Products	Total
Goodwill balance at December 31, 2009	$ 24,577	$ 18,587	$ 43,164
Adjustment due to recognition of tax benefit of tax amortization of certain goodwill	(332)	(471)	(803)
Adjustment due to exchange rate differences	(1,787)	(1,401)	(3,188)
Goodwill balance at December 31, 2010	$ 22,458	$ 16,715	$ 39,173
Adjustment due to recognition of tax benefit of tax amortization of certain goodwill	(349)	(496)	(845)
Adjustment due to exchange rate differences	(472)	(349)	(821)
Goodwill balance at December 31, 2011	$ 21,637	$ 15,870	$ 37,507

All of the goodwill shown above, which is primarily in Germany, corresponds to amortizable goodwill for tax purposes.

Purchased Intangible Assets

Our purchased intangible assets include core technology, customer relationships and trademarks/trade names. Impairment, if any, is calculated based upon our evaluation whereby, estimated undiscounted future cash flows associated with these assets or operations are compared with their carrying value to determine if a write-down to fair value is required. Finite lived intangible assets are amortized over the estimated useful life of the related assets which have a weighted average amortization period of 13 years in total.

The weighted average amortization periods of the intangible assets by asset category are as follows:

Core technology	20 years
Customer relationships	10 years
Trademarks / Trade names	9 years

The following table presents details of intangible assets as of December 31, 2011:

	Gross	Accumulated Amortization	Net
Core technology	$ 22,041	$ (4,525)	$ 17,516
Customer relationships	38,165	(14,720)	23,445
Trademarks / Trade names	2,361	(1,268)	1,093
Total intangible assets	$ 62,567	$ (20,513)	$ 42,054

The following table presents details of intangible assets as of December 31, 2010:

	Gross	Accumulated Amortization	Net

Core technology	$ 22,557	$ (3,497)	$ 19,060
Customer relationships	39,052	(10,930)	28,122
Trademarks / Trade names	2,416	(1,108)	1,308
Total intangible assets	$ 64,025	$ (15,535)	$ 48,490

The decrease in the gross value of our purchased intangible assets from December 31, 2010 to December 31, 2011 is due solely to the impact of foreign currency translation adjustments.

Expected future amortization of intangible assets is as follows:

For the years ended December 31 -	
2012	$ 5,335
2013	5,335
2014	5,132
2015	3,709
2016	3,709
Thereafter	18,834
	$ 42,054

Other Assets

Included in other assets are net deferred debt issuance costs of $530 and $743 as of December 31, 2011 and 2010, respectively. The outstanding balance of deferred debt issuance as of December 30, 2010 related to the syndicated credit agreement that we entered into on November 16, 2007 in connection with the acquisition of DYNAenergetics. These costs were being amortized over the five-year term of the credit agreement which was scheduled to expire on November 16, 2012. On December 21, 2011, we entered into a new five-year syndicated credit agreement, which amended and restated in its entirely the agreement entered into on November 16, 2007. In connection with this amendment, $284 of costs associated with the term loan and the banks which are no longer in the syndicate were expensed. The outstanding balance of deferred debt issuance as of December 31, 2011 includes additional costs of $435 that were incurred in connection with our amended and restated credit agreement and $95 of deferred debt issuance costs that were carried over from the prior agreement. These deferred debt issuance are being amortized over the five-year term of the amended and restated credit agreement which expires on December 21, 2016.

Customer Advances

On occasion, we require customers to make advance payments prior to the shipment of their orders in order to help finance our inventory investment on large orders or to keep customers' credit limits at acceptable levels. As of December 31, 2011 and 2010, customer advances totaled $1,918 and $1,531, respectively, and originated from several customers.

Revenue Recognition

Sales of clad metal products and welding services are generally based upon customer specifications set forth in customer purchase orders and require us to provide certifications relative to metals used, services performed, and the results of any non-destructive testing that the customer has requested be performed. All issues of conformity of the product to specifications are resolved before the product is shipped and billed. Products related to the oilfield products segment, which include detonating cords, detonators, bi-directional boosters, and shaped charges, as well as, seismic related explosives and accessories, are standard in nature. In all cases, revenue is recognized only when all four of the

following criteria have been satisfied: persuasive evidence of an arrangement exists; the price is fixed or determinable; delivery has occurred; and collection is reasonably assured. For contracts that require multiple shipments, revenue is recorded only for the units included in each individual shipment. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a probable loss, we will account for such anticipated loss.

Earnings Per Share

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards ("RSAs"), are considered participating securities for purposes of calculating earnings per share ("EPS") and require the use of the two class method for calculating EPS. Under this method, a portion of net income is allocated to these participating securities and therefore is excluded from the calculation of EPS allocated to common stock, as shown in the table below.

Computation and reconciliation of earnings per common share are as follows:

	For the Year Ended December 31, 2011		
	Income	Shares	EPS
Basic earnings per share:			
Net income attributable to DMC	$ 12,491		
Less income allocated to RSAs	(246)		
Net income allocated to common stock for EPS calculation	$ 12,245	13,089,691	$ 0.94
Adjust shares for dilutives:			
Stock-based compensation plans		9,430	
Diluted earnings per share:			
Net income attributable to DMC	$ 12,491		
Less income allocated to RSAs	(246)		
Net income allocated to common stock for EPS calculation	$ 12,245	13,099,121	$ 0.93

	For the Year Ended December 31, 2010		
	Income	Shares	EPS
Basic earnings per share:			
Net income attributable to DMC	$ 5,265		
Less income allocated to RSAs	(94)		
Net income allocated to common stock for EPS calculation	$ 5,171	12,869,666	$ 0.40

Adjust shares for dilutives:			
Stock-based compensation plans		12,088	
Diluted earnings per share:			
Net income attributable to DMC	$ 5,265		
Less income allocated to RSAs	(94)		
Net income allocated to common stock for EPS calculation	$ 5,171	12,881,754	$ 0.40

	For the Year Ended December 31, 2009		
	Income	Shares	EPS
Basic earnings per share:			
Net income attributable to DMC	$ 8,549		
Less income allocated to RSAs	(132)		
Net income allocated to common stock for EPS calculation	$ 8,417	12,640,069	$ 0.67
Adjust shares for dilutives:			
Stock-based compensation plans		22,371	
Diluted earnings per share:			
Net income attributable to DMC	$ 8,549		
Less income allocated to RSAs	(132)		
Net income allocated to common stock for EPS calculation	$ 8,417	12,662,440	$ 0.66

Derivative Financial Instruments

We have periodically used interest rate swap agreements to manage our interest rate risk on significant portions of our variable rate term loan debt. Our accounting method for our interest rate swap agreements involves designating the derivative arrangements as hedges in accordance with accounting principles generally accepted in the United States and as a result, changes in the fair value of the swap agreement are recorded in other comprehensive income with the offset as a swap agreement asset or liability. It is our policy to execute such arrangements with creditworthy banks. Additionally, as discussed above, we have periodically used foreign currency hedge agreements to manage our foreign currency risk on select transactions.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, trade accounts receivable and payable, accrued expenses and long-term debt approximate their fair value.

We had an interest rate swap agreement, which expired on November 16, 2010, and a foreign currency hedge agreement, which expired on April 30, 2011, that were recorded at fair value. With respect to the currency hedge agreement entered into in September 2011, as amended in December 2011, the fair value of the instrument at December 31, 2011 and the change in fair value from its inception to December 31, 2011 were immaterial. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are required to use an established hierarchy for fair value measurements based upon the inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- Level 1 — Inputs to the valuation based upon quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- Level 2 — Inputs to the valuation include quoted prices in either markets that are not active, or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data.
- Level 3 — Inputs to the valuation that are unobservable inputs for the asset or liability.

The highest priority is assigned to Level 1 inputs and the lowest priority to Level 3 inputs.

Our foreign currency hedge agreements are not exchange listed and are therefore valued with models that use Level 2 inputs. At December 31, 2010, the fair value of the foreign currency hedge agreement, which expired on April 30, 2011, was $118 and was recorded in prepaid expenses and other on the balance sheet.

Income Taxes

We recognize deferred tax assets and liabilities for the expected future income tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities based on enacted tax laws and for tax credits. We recognize deferred tax assets for the expected future effects of all deductible temporary differences. Deferred tax assets are then reduced, if deemed necessary, by a valuation allowance for the amount of any tax benefits which, more likely than not based on current circumstances, are not expected to be realized (see Note 7).

Related Party Transactions

Prior to acquiring the remaining outstanding interests in our unconsolidated joint ventures on April 30, 2010 (see Note 3), we had related party transactions with these joint ventures. Additionally, in 2009 we had related party transactions with a former owner of LRI who remains an employee of DYNAenergetics Canada. We also had transactions January 1 through September 30, 2009 with LRI who, at the time, was the non-controlling interest partner of one of our consolidated joint ventures. A summary of related party transactions for 2010 and 2009 are summarized below:

2010		2009	
Sales to	Interest income from	Sales to	Interest income from

DYNAenergetics RUS	$ 663	$ —	$ 2,353	$ —
Minority Interest Partner	—	—	745	—
Perfoline	19	13	86	43
Total	$ 682	$ 13	$ 3,184	$ 43

Concentration of Credit Risk

Financial instruments, which potentially subject us to a concentration of credit risk, consist primarily of cash, restricted cash, cash equivalents, and accounts receivable. Generally, we do not require collateral to secure receivables. At December 31, 2011, we had no financial instruments with off-balance sheet risk of accounting losses other than the derivative discussed above.

Other Cumulative Comprehensive Income (Loss)

Other cumulative comprehensive income (loss) as of December 31, 2011, 2010, and 2009 consisted of the following:

	2011	2010	2009
Currency translation adjustment	$ (9,256)	$ (6,398)	$ 794
Interest rate swap valuation adjustment, net of tax of $0, $0 and $299, respectively	—	—	(454)
	$ (9,256)	$ (6,398)	$ 340

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standard which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendment is to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Other than revised disclosures, we do not anticipate a material impact from this update.

On September 15, 2011 the FASB issued a revised accounting standard intended to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendment will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted.

Reclassifications

Certain prior year balances in the consolidated financial statements and notes have been reclassified to conform to the 2011 presentation.

(3) ACQUISITIONS

Austin Explosives

On June 4, 2010, we completed our acquisition of Austin Explosives Company ("AECO"), which is now operating under the name DYNAenergetics US, Inc. This business is part of our Oilfield Products business segment. AECO had been a long-time distributor of DYNAenergetics shaped charges. This acquisition, along with the acquisition of the outstanding interests in our Russian joint ventures (discussed below), further expanded our Oilfield Products business, and positioned the segment to capitalize on the long-term demand from the oil and gas industry.

The acquisition was structured as an asset purchase valued at $6,921 which was financed by (i) the payment of $3,620 in cash and (ii) the issuance of 222,445 shares of DMC common stock (valued at $3,301).

The purchase price of the acquisition was allocated to tangible and identifiable intangible assets based on their fair values as determined by appraisals performed as of the acquisition date. The allocation of the purchase price to the assets of AECO was as follows:

Current assets	$ 5,792
Property, plant and equipment	368
Intangible assets	4,773
Deferred tax assets	7
Other assets	81
Total assets acquired	11,021
Current liabilities	4,100
Total liabilities assumed	4,100
Net assets acquired	$ 6,921

We acquired identifiable finite-lived intangible assets as a result of the acquisition of AECO. The finite-lived intangible assets acquired were classified as customer relationships and were valued at $4,773, which are being

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amortized over 11 years. These amounts are included in Purchased Intangible Assets and are further discussed in Note 2.

Russian Joint Ventures

On April 30, 2010, we purchased the outstanding non-controlling interests in our two Russian joint ventures that were previously majority-owned by our Oilfield Products business segment. These joint ventures include DYNAenergetics RUS, which is a Russian trading company that sells our oilfield products, and Perfoline, which is a Russian manufacturer of perforating gun systems. We paid a combined $2,065 for the respective 45% and 34.81% outstanding stakes in DYNAenergetics RUS and Perfoline.

Prior to the acquisition date, we accounted for our 55% and 65.19% interest in DYNAenergetics RUS and Perfoline, respectively, as equity-method investments (see Note 4). The acquisition date fair value of the previous equity interest was $3,533. We recognized a gain of $2,117 as a result of revaluing our prior equity interest held before the acquisition to fair value as of the latter acquisition date. The gain is included in the line item "gain on step acquisition of joint ventures" in the consolidated statement of operations.

Appraisals performed as of the acquisition date resulted in a new fair value of the combined entities of $5,598 which was allocated to our tangible and identifiable intangible assets as follows:

Current assets	$	5,243
Property, plant and equipment		411
Intangible assets		3,669
Deferred tax assets		12
Other assets		56
Total assets acquired		9,391
Line of credit		36
Other current liabilities		2,547
Deferred tax liabilities		813
Other long term liabilities		397
Total liabilities assumed		3,793
Net assets acquired	$	5,598

We acquired identifiable finite-lived intangible assets as a result of acquiring the remaining interests of DYNAenergetics RUS and Perfoline. The finite-lived intangible assets acquired were classified as customer relationships and were valued at $3,669, which are being amortized over 11 years. These amounts are included in Purchased Intangible Assets and are further discussed in Note 2.

LRI Oil Tools Inc.

On October 1, 2009, we completed our acquisition of LRI Oil Tools Inc., which is part of our Oilfield Products business segment. LRI, which now operates as DYNAenergetics Canada, produces and distributes perforating equipment for use by the oil and gas exploration and production industry. The business had a long-term strategic relationship with our Oilfield Products segment and had served for several years as our sole Canadian distributor.

The acquisition was valued at $5,946 and was financed by (i) the payment of $284 in cash, net of cash acquired of $15, (ii) the issuance of 4,875 shares of DMC common stock (valued at $94), and (iii) the assumption of $5,553 (5,982 Canadian dollars ("CAD")) of LRI's debt. The assumed debt consists of $2,676 (2,883 CAD) for a line of credit, $2,445 (2,634 CAD) for loans with the former owners of LRI and $432 (465 CAD) for capital lease obligations.

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The purchase price of the acquisition was allocated to our tangible and identifiable intangible assets based on their fair values as determined by appraisals performed as of the acquisition date. The allocation of the purchase price to the assets and liabilities of LRI was as follows:

Current assets	$	5,430
Property, plant and equipment		2,191
Intangible assets		1,117
Deferred tax assets		298
Other assets		1
Total assets acquired		9,037
Line of credit		2,676
Other current liabilities		2,448
Long term debt		2,877
Deferred tax liabilities		643
Total liabilities assumed		8,644
Net assets acquired	$	393

We acquired identifiable finite-lived intangible assets as a result of the acquisition of LRI. The finite-lived intangible assets acquired are classified and valued as follows:

	Value	Amortization Period
Core technology	$ 347	15 years
Customer relationships	770	15 years
Total intangible assets	$ 1,117	

These amounts are included in Purchased Intangible Assets and are further discussed in Note 2.

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Pro Forma Statements of Operations

The following table presents the pro-forma combined results of operations for the years ended December 31, 2010 and 2009 assuming (i) the acquisitions of AECO, the Russian joint ventures and LRI had occurred on January 1 of the year represented; (ii) pro-forma amortization expense of the purchased intangible assets; (iii) pro-forma depreciation expense of the fair value of purchased property, plant and equipment; (iv) reduction of interest expense assuming we paid down LRI's debt by 2,200 CAD (1,200 CAD for the loans to former owners of LRI and 1,000 CAD for the line of credit) immediately following the acquisition (net of a related pro forma reduction in interest income); (v) elimination of intercompany sales; and (vi) increase in interest expense for borrowing 1,500 Euros to fund the acquisition of the Russian joint ventures:

	(Unaudited) For the years ended December 31,	
	2010	2009
Net sales	$ 162,028	$ 180,451
Income from operations	$ 7,136	$ 15,466
Net income attributable to DMC	$ 5,167	$ 7,218
Net income per share:		
Basic	$ 0.39	$ 0.55
Diluted	$ 0.39	$ 0.55

The pro-forma results above are not necessarily indicative of the operating results that would have actually occurred if the acquisition had been in effect on the dates indicated, nor are they necessarily indicative of future results of the combined companies.

(4) INVESTMENT IN JOINT VENTURES

As discussed in Note 3, on April 30, 2010, we acquired the remaining non-controlling interests in two joint ventures that were previously majority-owned by our Oilfield Products business segment. Prior to the April 30, 2010 step acquisition, these investments, which include DYNAenergetics RUS and Perfoline, were accounted for under the equity method due to certain non-controlling interest veto rights that allowed the non-controlling interest shareholders to participate in decisions related to the ordinary course of business. Operating results from January 1, 2010 through April 30, 2010 and for the year ended December 31, 2009 includes our proportionate share of income from these unconsolidated joint ventures. As a result of the step acquisition, we now consolidate the financial statements of these entities.

Summarized unaudited financial information for the joint ventures accounted for under the equity method for the period from January 1, 2010 through April 30, 2010 and the year ended December 31, 2009 are as follows:

	2010 (a)	2009
Net sales	$ 2,575	$ 6,517
Gross profit	$ 656	$ 1,813
Operating income	$ 302	$ 900
Net income attributable to DMC	$ 468	$ 404
Equity in earnings of joint ventures	$ 255	$ 221

(a) Represents operating results through April 30, 2010

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(5) DEBT

Lines of credit consisted of the following at December 31, 2011 and 2010:

	2011	2010
Syndicated credit agreement revolving loan	$ 20,247	$ 1,060
Syndicated credit agreement Euro revolving loan	6,215	—
Nord LB line of credit	13	1,561
	26,475	2,621
Less current portion	(13)	(2,621)
Long-term lines of credit	$ 26,462	$ —

Long-term debt consisted of the following at December 31, 2011 and 2010:

	2011	2010
Syndicated credit agreement term loan	$ —	$ 22,247
Nord LB Euro term loan	—	596
Loans with former owners of LRI	1,271	1,332
	1,271	24,175
Less current maturities	(1,153)	(9,596)
Long-term debt	$ 118	$ 14,579

Syndicated Credit Agreement

On December 21, 2011, we entered into a five-year syndicated credit agreement ("credit facility") which amended and restated in its entirety our prior syndicated credit facility entered into on November 16, 2007. The new credit facility, which provides revolving loan availability of $36,000, 16,000 Euros and 1,500 Canadian Dollars, is through a syndicate of four banks, with JP Morgan Chase Bank, N.A. acting as administrative agent for the U.S. and Canadian dollar loans and JP Morgan Europe Ltd. acting as administrative agent for the Euro loans. The credit facility expires on December 21, 2016. On the date we amended and restated the credit agreement, the remaining balance of $13,247 on our term loan effectively became a revolving loan.

U.S. Dollar Revolving Loans: At our option, borrowings under the $36,000 revolving loan can be in the form of Alternate Base Rate loans ("ABR" borrowings are based on the greater of adjusted Prime rates, adjusted CD rates, or adjusted Federal Funds rates) or one, two, three, or six month London Interbank Offered Rate ("LIBOR") loans. ABR loans bear interest at the defined ABR rate plus 0.00% (at our current leverage ratio) and LIBOR loans bear interest at the applicable LIBOR rate plus 1.25% (at our current leverage ratio). As of December 31, 2011, outstanding revolving loans totaled $20,247 and had an all-in interest rate of 3.25% based on the ABR rate. Subsequent to year end, we acquired the assets and operating business of Texas-based TRX Industries, Inc. (see Note 10). In connection with this acquisition, we increased our revolving loan borrowings to $30,147 at an all-in interest rate of 1.55% based upon the one month LIBOR option.

Euro Revolving Loans: At our option, borrowings under the 16,000 Euro revolving loan can be based on one, two, three, or six month Euro Interbank Offered Rate ("EURIBOR") rates and bear interest at the applicable EURIBOR rate plus 1.25% (at our current leverage ratio). As of December 31, 2011, we had outstanding borrowings of 4,800 Euros ($6,215 based on the December 31, 2011 exchange rate) under the Euro revolving loan bearing interest at an all-in rate of 2.91% based on the six month EURIBOR option.

Canadian Dollar Revolving Loans: At our option, borrowings under the $1,500 Canadian Dollar revolving loan can be based on one, two, three or six month Canadian Dealer Offered Rate ("CDOR") rates and bear interest at the

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applicable CDOR rate plus 1.50% (at our current ratio). As of December 31, 2011, there were no borrowings outstanding under our $1,500 Canadian Dollar revolving loan.

The syndicated credit facility is secured by the assets of DMC including accounts receivable, inventory, and fixed assets, as well as guarantees and share pledges by DMC.

Lines of Credit with German Banks

We maintain separate lines of credit with two German banks for our DYNAenergetics operations. These lines of credit each provide a borrowing capacity of 3,000 Euros and are also used by DYNAenergetics to issue bank guarantees to its customers to secure advance payments made by them. One of these lines of credit had outstanding borrowings of $13 as of December 31, 2011. As of December 31, 2011, bank guarantees secured by the lines of credit totaled $1,471 based upon the December 31, 2011 exchange rate. The two lines of credit bear interest at EURIBOR based variable rates with a weighted average interest rate at December 31, 2011 of 3.33%. Both lines of credit have open-ended terms and can be cancelled by the banks at any time.

Loans with Former Owners of LRI

In connection with our October 1, 2009 acquisition of LRI, we assumed loans with the former owners of LRI totaling 2,634 Canadian Dollars. Following the acquisition, we immediately repaid 1,302 Canadian Dollars of the loans, leaving a principal balance of 1,332 Canadian Dollars, which was due in 35 equal installments beginning on December 1, 2011 with the final payment being due on October 1, 2014. As of December 31, 2011, the outstanding balance on these loans was 1,296 Canadian Dollars ($1,271 based on the December 31, 2011 exchange rate). Under the terms of our amended and restated credit facility, we were required to prepay the outstanding principal balance on certain of these loans in January of 2012 in the amount of 1,080 Canadian Dollars, which reduced the then remaining principal balance to 178 Canadian Dollars. These loans bear interest at the prime rate plus 1.25% (4.25% at December 31, 2011).

Nord LB Euro Term Loan

DYNAenergetics had a 3,000 Euro term loan with Nord LB that they obtained in September 2006. This loan, which had an outstanding balance of 450 Euros on December 31, 2010 and required quarterly principal payments of 150 Euros, was paid in full in September 2011.

Loan Covenants and Restrictions

Our existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders; redemption of capital stock; incurrence of additional indebtedness; mortgaging, pledging or disposition of major assets; and maintenance of specified financial ratios. As of December 31, 2011, we were in compliance with all financial covenants and other provisions of our debt agreements.

Scheduled Debt Maturity

Our long-term debt matures as follows:

Year ended December 31-	
2012	1,153
2013	63
2014	55
	$ 1,271

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(6) STOCK OWNERSHIP AND BENEFIT PLANS

Through our 1997 Equity Incentive Plan ("1997 Plan"), we had provided for grants of both incentive stock options and non-statutory stock options. On September 21, 2006, our stockholders approved, and we adopted, the 2006 Stock Incentive Plan ("2006 Plan"). Upon the adoption of the 2006 Plan, the 1997 Plan was terminated with respect to new grants of stock options; however, all unexercised options previously granted under the 1997 Plan remain outstanding. The 2006 Plan provides for the grant of various types of equity-based incentives, including stock options, restricted stock, restricted stock units, stock appreciation rights, performance shares, performance units and other stock-based awards. There are a total of 942,500 shares available for grant under the 2006 Plan (which includes 92,500 rolled over from the 1997 Plan). As of December 31, 2011, we have granted an aggregate of 638,750 shares of restricted stock and restricted stock units under the 2006 Plan, leaving 303,750 shares available for future grant.

The following table sets forth the total stock-based compensation expense included in the Consolidated Statements of Operations:

	2011	2010	2009
Cost of products sold	$ 261	$ 316	$ 339
General and administrative expenses	2,431	2,402	2,280
Selling and distribution expenses	705	783	806
Stock-based compensation expense before income taxes	3,397	3,501	3,425
Income tax benefit	(918)	(888)	(1,117)
Stock-based compensation expense, net of income taxes	$ 2,479	$ 2,613	$ 2,308
Earnings per share impact:			
Basic - net income	$ 0.19	$ 0.20	$ 0.18
Diluted - net income	$ 0.19	$ 0.20	$ 0.18

Our stock-based compensation expense results from restricted stock awards, restricted stock units and stock issued under the Employee Stock Purchase Plan.

Restricted Stock Awards and Units: Restricted stock and restricted stock units granted to the executive officers and employees of DMC generally vest in one-third increments on the first, second, and third anniversary of the grant. Restricted stock granted to directors of DMC vest on the first anniversary of the date of grant. In 2008, we granted 90,000 restricted stock awards under a supplemental executive retirement plan, with 100% of these awards vesting on the fifth anniversary of the date of grant. The fair value of restricted stock and restricted stock unit awards are based on the fair value of DMC's stock on the date of grant and is amortized to compensation expense over the vesting period on a straight line basis.

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A summary of the activity of our nonvested shares of restricted stock for the years ended December 31, 2011, 2010, and 2009 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Balance at December 31, 2008	267,075	$ 37.46
Granted	12,000	21.88
Vested	(80,425)	32.84
Balance at December 31, 2009	198,650	$ 38.39
Granted	104,000	19.95
Vested	(65,161)	29.26
Balance at December 31, 2010	237,489	$ 32.82
Granted	116,500	20.90
Vested	(90,660)	24.16
Forfeited	(1,500)	18.79
Balance at December 31, 2011	261,829	$ 30.59

A summary of the activity of our nonvested restricted stock units for the years ended December 31, 2011, 2010, and 2009 is as follows:

	Share Units	Weighted Average Grant Date Fair Value
Balance at December 31, 2008	22,750	$ 15.96
Vested	(7,584)	15.96
Balance at December 31, 2009	15,166	$ 15.96
Granted	28,000	20.44
Vested	(8,583)	15.97
Balance at December 31, 2010	34,583	$ 19.59
Granted	32,500	20.45
Vested	(13,085)	18.24
Balance at December 31, 2011	53,998	$ 20.43

As of December 31, 2011, there was $3,066 and $656 of total unrecognized stock-based compensation related to unvested restricted stock awards and restricted stock units, respectively. The cost is expected to be recognized over a weighted average period of 1.43 years and 1.66 years for the restricted stock awards and restricted stock units, respectively.

Stock Options: Our incentive stock options were granted at exercise prices that equaled the fair market value of the stock at the date of grant based upon the closing sales price of DMC's common stock on that date. Incentive stock options generally vested 25% annually and expired ten years from the date of grant. Non-statutory stock options were generally granted at exercise prices that equaled the fair market value of the stock at the date of grant. We have not granted options since 2006.

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A summary of stock option activity for the years ended December 31, 2011, 2010, and 2009 is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2008	105,750	$ 5.24		
Exercised	(77,750)	3.39		
Balance at December 31, 2009	28,000	$ 10.37		
Exercised	(8,300)	4.75		
Balance at December 31, 2010	19,700	$ 12.74		
Exercised	(4,200)	4.71		
Balance at December 31, 2011	15,500	$ 14.92	3.26	$ 84
Exercisable at December 31, 2011	15,500	$ 14.92	3.26	$ 84

The intrinsic value of options exercised for the years ended December 31, 2011, 2010, and 2009 was $74, $98 and $367, respectively. As of December 31, 2011 and 2010, there was no unrecognized stock-based compensation cost related to unvested stock options.

The following table summarizes information about employee stock options outstanding and exercisable at December 31, 2011:

Range of Exercise Prices	Number of Options Outstanding at and Exercisable December 31, 2011	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price

$1.42 - $1.42	500	1.96	$ 1.42
$4.87 - $4.87	5,000	3.06	$ 4.87
$20.62 - $20.62	10,000	3.42	$ 20.62
	15,500	3.26	$ 14.92

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan ("ESPP") which is authorized to issue up to 450,000 shares of which 22,772 shares remain available for future purchases. The offerings begin on the first day following each previous offering ("Offering Date") and end six months from the offering date ("Purchase Date"). The ESPP provides that full time employees may authorize DMC to withhold up to 15% of their earnings, subject to certain limitations, to be used to purchase common stock of DMC at the lesser of 85% of the fair market value of DMC's common stock on the Offering Date or the Purchase Date. In connection with the ESPP, 8,688; 11,005; and 10,027 shares of our stock were purchased during the years ended December 31, 2011, 2010, and 2009, respectively. Our total stock-based compensation expense for 2011, 2010, and 2009 includes $57, $48, and $72 respectively, in compensation expense associated with the ESPP.

401(k) Plan

We offer a contributory 401(k) plan to our employees. We make matching contributions equal to 100% of each employee's contribution up to 3% of qualified compensation and 50% of the next 2% of qualified compensation

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contributed by each employee. Total DMC contributions were $379, $360, and $316 for the years ended December 31, 2011, 2010 and 2009, respectively.

(7) INCOME TAXES

The domestic and foreign components of income before tax for our operations for the years ended December 31 are summarized below:

	2011	2010	2009
Domestic	$ 12,550	$ 4,896	$ 16,451
Foreign	4,260	1,492	(3,468)
	$ 16,810	$ 6,388	$ 12,983

The components of the provision for income taxes for the years ended December 31 are as follows:

	2011	2010	2009
Current - Federal	$ 4,260	$ 2,089	$ 5,707
Current - State	137	(68)	282
Current - Foreign	1,559	820	1,173
	5,956	2,841	7,162
Deferred - Federal	(295)	(376)	(238)
Deferred - State	(24)	25	(92)
Deferred - Foreign			
Net operating losses	71	(784)	(4,867)
Other	(1,339)	(573)	2,413
	(1,587)	(1,708)	(2,784)
	$ 4,369	$ 1,133	$ 4,378

A reconciliation of our income tax provision computed by applying the Federal statutory income tax rate of 35% in 2011, 2010, and 2009 to income before taxes for the years ended December 31 is as follows:

	2011	2010	2009
Federal income tax at statutory rate	$ 5,900	$ 2,240	$ 4,525
State and local tax items not included below, net	209	(185)	(854)
Effect of difference between U.S. Federal and foreign tax rates	(554)	261	2,883
Permanent differences:			
Foreign interest expense	(784)	(651)	(927)
Book gain on step acquisition of joint ventures	—	(453)	—
Foreign subsidiary earnings	—	—	(801)
Other	(135)	31	(235)
Current year tax credits	(142)	(12)	(163)
Other	(125)	(98)	(50)
Provision for income taxes	$ 4,369	$ 1,133	$ 4,378

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Our deferred tax assets and liabilities at December 31, 2011 and 2010 consist of the following:

	2011	2010
Deferred tax assets:		
Income tax credit carryforward	$ 1,015	$ 1,008
Net foreign operating loss carryforward	6,196	6,267
Inventory differences	1,011	599
Allowance for doubtful accounts	111	109
Equity compensation	1,813	1,446
Vacation and other compensation accrual	261	203

Other, net	16	177
Deferred tax assets	10,423	9,809
Deferred tax liabilities:		
Purchased intangible assets	(14,027)	(15,308)
Depreciation and amortization	(2,469)	(2,455)
Investment in partnerships	(1,843)	(2,329)
Deferred profit	(383)	(512)
Deferred tax liabilities	(18,722)	(20,604)
Net deferred tax liabilities	$ (8,299)	$ (10,795)
Current deferred tax assets	$ 1,469	$ 1,057
Current deferred tax liabilities	(68)	(17)
Long-term deferred tax assets	485	248
Long-term deferred tax liabilities	(10,185)	(12,083)
Net deferred tax assets liabilities	$ (8,299)	$ (10,795)

As a result of stock-based compensation in 2011, 2010, and 2009, we (decreased) increased additional paid-in-capital by $(35), $(601), and $90, respectively, for the tax impact. To the extent these adjustments reduced taxes currently payable; they are not reflected in the current income tax provision for those years.

As of December 31, 2011, 2010 and 2009, income considered to be permanently reinvested in non-U.S. subsidiaries totaled approximately $27,745, $16,514 and $15,883, respectively. Deferred income taxes have not been provided on this undistributed income, as we do not plan to initiate any action that would require the payment of U.S. income taxes on these earnings. It is not practical to estimate the amount of additional taxes that might be payable on these amounts of undistributed foreign income.

The components of the income tax credit carryforward as of December 31, 2011 are U.S. foreign tax credits of $971 (which, if unused, expire between 2013 and 2019) and sundry state tax credits of $44 (which, if unused, expire between 2012 and 2019). The components of the income tax credit carryforward as of December 31, 2010, are U.S. foreign tax credits of $971 (which, if unused, expire between 2014 and 2019) and sundry state tax credits of $37 (which, if unused, expire beginning in 2012 and 2016).

As of December 31, 2011 and 2010, we had no state net operating loss carryforwards. The foreign loss carryforwards are primarily from jurisdictions which do not impose a time limitation on such carryforwards.

At December 31, 2011 and 2010, the balance of unrecognized tax benefits was $0. We recognize interest and penalties related to uncertain tax positions in operating expense. As of December 31, 2011 and 2010, our accrual for interest and penalties related to uncertain tax positions was $0.

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DMC's U.S. Federal tax returns for the tax years 2008-2011 remain open to examination while most of DMC's state tax returns remain open to examination for the tax years 2007-2011. DMC's foreign tax returns remain open to examination for the tax years 2007-2011.

(8) BUSINESS SEGMENTS

Our business is organized in the following three segments: Explosive Metalworking, Oilfield Products, and AMK Welding. The Explosive Metalworking segment uses explosives to perform metal cladding and shock synthesis of industrial diamonds. The most significant product of this group is clad metal which is used in the fabrication of pressure vessels, heat exchangers, and transition joints for various industries, including upstream oil and gas, oil refinery, petrochemicals, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration, and similar industries. The Oilfield Products segment manufactures, markets and sells oilfield perforating equipment and explosives, including detonating cords, detonators, bi-directional boosters and shaped charges, and seismic related explosives and accessories. AMK Welding utilizes a number of welding technologies to weld components for manufacturers of jet engine and ground-based turbines.

The accounting policies of all the segments are the same as those described in the summary of significant accounting policies. Our reportable segments are separately managed strategic business units that offer different products and services. Each segment's products are marketed to different customer types and require different manufacturing processes and technologies.

Beginning in 2011, we changed our methodology of allocating corporate overhead to our business segments. In connection with this change, we no longer allocate certain corporate expenses that do not directly benefit our business segments. The business segment disclosure for the years ended December 31, 2010 and 2009 presented below reflects our new allocation methodology.

Segment information is presented for the years ended December 31, 2011, 2010 and 2009 as follows:

	Explosive Metalworking	Oilfield Products	AMK Welding	Total
As of and for the year ended December 31, 2011:				
Net sales	$ 126,199	$ 72,782	$ 9,910	$ 208,891
Depreciation and amortization	$ 5,833	$ 4,877	$ 489	$ 11,199
Income from operations	$ 16,058	$ 6,188	$ 2,056	$ 24,302
Unallocated amounts:				
Corporate expenses				(2,686)
Stock-based compensation				(3,397)
Other income				528
Interest expense				(1,945)
Interest income				8
Consolidated income before income taxes				$ 16,810
Segment assets	$ 102,473	$ 92,070	$ 6,006	$ 200,549
Assets not allocated to segments:				
Cash and cash equivalents				5,276
Prepaid expenses and other assets				5,647
Deferred tax assets				1,954

Consolidated total assets				$ 213,426
Capital expenditures	$ 4,338	$ 2,904	$ 484	$ 7,726

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	Explosive Metalworking	Oilfield Products	AMK Welding	Total
As of and for the year ended December 31, 2010:				
Net sales	$ 98,570	$ 45,332	$ 10,837	$ 154,739
Depreciation and amortization	$ 5,891	$ 4,351	$ 471	$ 10,713
Income from operations	$ 7,461	$ 2,426	$ 2,617	$ 12,504
Equity in earnings of joint ventures	$ —	$ 255	$ —	255
Unallocated amounts:				
Corporate expenses				(2,214)
Stock-based compensation				(3,501)
Other income				2,316
Interest expense				(3,046)
Interest income				74
Consolidated income before income taxes				$ 6,388
Segment assets	$ 96,344	$ 89,169	$ 5,403	$ 190,916
Assets not allocated to segments:				
Cash and cash equivalents				4,572
Prepaid expenses and other assets				4,600
Deferred tax assets				1,305
Consolidated total assets				$ 201,393
Capital expenditures	$ 2,407	$ 832	$ 288	$ 3,527

	Explosive Metalworking	Oilfield Products	AMK Welding	Total
As of and for the year ended December 31, 2009:				
Net sales	$ 134,096	$ 21,764	$ 9,038	$ 164,898
Depreciation and amortization	$ 5,988	$ 3,662	$ 456	$ 10,106
Income (loss) from operations	$ 23,301	$ (3,074)	$ 1,671	$ 21,898
Equity in earnings of joint ventures	$ —	$ 221	$ —	221
Unallocated amounts:				
Corporate expenses				(2,235)
Stock-based compensation				(3,425)
Other expense				(219)
Interest expense				(3,473)
Interest income				216
Consolidated income before income taxes				$ 12,983
Segment assets	$ 114,501	$ 76,325	$ 5,715	$ 196,541
Assets not allocated to segments:				
Cash and cash equivalents				22,411
Prepaid expenses and other assets				3,840
Deferred tax assets				2,384
Consolidated total assets				$ 225,176
Capital expenditures	$ 3,017	$ 743	$ 157	$ 3,917

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The geographic location of our property, plant and equipment, net of accumulated depreciation, is as follows:

	As of December 31,		
	2011	2010	2009
United States	$ 21,810	$ 20,784	$ 21,393
Germany	9,924	9,234	10,388
France	5,767	5,742	6,402
Canada	2,339	2,145	2,311
Rest of the world	1,562	1,901	1,558
Total	$ 41,402	$ 39,806	$ 42,052

All of our sales are from products shipped from our manufacturing facilities and distribution centers located in the United States, Germany, France, Canada, Sweden (subsequently closed during 2011), Russia and Kazakhstan. The following represents our net sales based on the geographic location of the customer:

	For the years ended December 31,		
	2011	2010	2009
United States	$ 81,410	$ 44,587	$ 62,955
South Korea	29,951	10,309	5,424
Canada	24,151	29,907	12,991
Germany	12,960	25,109	11,702
Russia	8,658	7,067	4,649
France	3,828	5,425	5,788

Rest of the world	47,933	32,335	61,389
Total	$ 208,891	$ 154,739	$ 164,898

During the years ended December 31, 2011, 2010, and 2009, no one customer accounted for more than 10% of total net sales.

(9) COMMITMENTS AND CONTINGENCIES

We lease certain office space, equipment, storage space, vehicles and other equipment under various non-cancelable lease agreements. Certain of these leases (primarily equipment related) are recorded as capital leases. Amortization expense associated with the capital leases is combined with depreciation expense of fixed assets. Details of capitalized leased assets as of December 31, 2011 and 2010 are as follows:

	2011	2010
Manufacturing equipment and tooling	$ 364	$ 1,368
Furniture, fixtures and computer equipment	57	107
Total	421	1,475
Less: Accumulated amortization	(300)	(841)
Net capitalized leased assets	$ 121	$ 634

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Future minimum rental commitments under non-cancelable leases are as follows:

	Capital Leases	Operating Leases
Year ended December 31 -		
2012	$ 72	$ 1,639
2013	54	1,290
2014	23	760
2015	—	565
2016	—	244
Thereafter	—	196
Total minimum payments	149	$ 4,694
Amounts representing interest	(13)	
Present value of net minimum lease payments	136	
Current portion of capital lease obligations	(66)	
Capital lease obligations	$ 70	

Total rental expense included in operations was $2,973, $2,295, and $1,713 for the years ended December 31, 2011, 2010, and 2009, respectively.

During 2008, we entered into a license agreement and a risk allocation agreement related to our U.S. Explosive Metalworking business. These agreements provide us with the ability to perform our explosive shooting process at a second shooting site in Pennsylvania. Future minimum payments required to be made by us under these agreements are as follows:

Year ended December 31 -	
2012	$ 239
2013	239
2014	239
2015	239
2016	239
Thereafter	478
Total minimum payments	$ 1,673

In the normal course of business, we are party to various contractual disputes and claims. After considering our evaluations by legal counsel regarding pending actions, we are of the opinion that the outcome of such actions will not have a material adverse effect on the financial position or results of operations.

(10) SUBSEQUENT EVENT - UNAUDITED

On January 3, 2012, we acquired the assets and operating business of Texas-based TRX Industries, Inc. (“TRX”), a manufacturer of perforating guns, for a purchase price of $10,194. TRX, which will operate as a division of DYNAenrgetics US, has been a long-term supplier to DYNAenergetics US and, in recent years, accounted for a rapidly growing percentage of its perforating gun purchases.

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The acquisition of TRX was structured as an asset purchase in an all-cash transaction. The purchase price was allocated to tangible and identifiable intangible assets based on their fair values as determined by appraisals performed as of the acquisition date. The allocation of the preliminary purchase price to the assets of TRX was as follows:

Current assets	$	2,702
Property, plant and equipment		2,227
Intangible assets		5,265
Deferred tax assets		40
Total assets acquired		10,234
Current liabilities		40
Total liabilities assumed		40
Net assets acquired	$	10,194

We acquired identifiable finite-lived intangible assets as a result of the acquisition of TRX. The finite-lived intangible assets acquired were classified as customer relationships and were valued at $5,265, which is being amortized over 11 years.

For the year ended December 31, 2011, TRX had net sales and operating income of approximately $11,600 and $2,900, respectively. Approximately 40% of TRX's net sales and operating income relates to shipments to our DYNAenergetics US subsidiary. These results are not necessarily indicative of the future results of TRX following its integration into our company.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in or disagreements with accountants on accounting and financial disclosure for the fiscal year ended December 31, 2011.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on such evaluation, such officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level as of the end of the period covered by this Annual Report. There have been no changes in internal control over financial reporting during the fourth quarter of 2011.

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Management's Report on Internal Control over Financial Reporting

The management of Dynamic Materials Corporation and subsidiaries ("DMC") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of DMC's management, including its Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of DMC's internal control over financial reporting as of December 31, 2011 based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In designing and evaluating the internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on that evaluation, management concluded that DMC's internal control over financial reporting was effective as of December 31, 2011.

DMC's internal control over financial reporting as of December 31, 2011, has also been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included elsewhere herein.

/s/ Yvon Pierre Cariou
Yvon Pierre Cariou
President and Chief Executive Officer
March 9, 2012

/s/ Richard A. Santa
Richard A. Santa
Senior Vice President and Chief Financial Officer
March 9, 2012

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Report of Independent Registered Public Accounting Firm

The Stockholders and the
Board of Directors of Dynamic Materials Corporation:

We have audited Dynamic Materials Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Dynamic Materials Corporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Dynamic Materials Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Dynamic Materials Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011 of Dynamic Materials Corporation and subsidiaries and our report dated March 9, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
March 9, 2012

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ITEM 9B. Other Information

Not applicable.

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PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Item 10 incorporates information by reference to our Proxy Statement for the 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of fiscal year 2011.

ITEM 11. Executive Compensation

Item 11 incorporates information by reference to our Proxy Statement for the 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of fiscal year 2011.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 12 incorporates information by reference to our Proxy Statement for the 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of fiscal year 2011.

For information regarding securities authorized for issuance under our equity compensation plans see the Proxy Statement for our 2012 Annual Meeting of Shareholders, which information is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Item 13 incorporates information by reference to our Proxy Statement for the 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of fiscal year 2011.

ITEM 14. Principal Accountant Fees and Services

Item 14 incorporates information by reference to our Proxy Statement for the 2012 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of fiscal year 2011.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a)(1) **Financial Statements**

See Index to Financial Statements in Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

(a)(2) **Financial Statement Schedules**

See Schedule II beginning on page 84 of this Annual Report on Form 10-K.

(a)(3) **Exhibits**

Exhibit Number	Description
3.1	Certificate of Incorporation of the Company (incorporated by reference to the Company's Quarterly report on Form 10-Q/A for the quarter ended March 31, 2004).

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3.2	Bylaws of the Company (incorporated by reference to the Company's Quarterly report on Form 10-Q/A for the quarter ended March 31, 2004).
10.1	Amended and Restated Credit Agreement dated as of December 21, 2011, by and among the Company, the US borrowers party thereto, the Euro borrowers party thereto, the Canadian borrowers party thereto, the guarantors party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as US administrative agent, J.P. Morgan Europe Limited, as Euro administrative agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian administrative agent, KeyBank National Association, as syndication agent, Wells Fargo Bank, National Association, as documentation agent, and JPMorgan Chase Bank, N.A., as sole bookrunner and lead arranger.
10.2	Employment Agreement, dated as of April 23, 2008, by and between the Company and Yvon Cariou, as amended (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2009). *
10.3	Employment Agreement, dated as of April 23, 2008, by and between the Company and Richard A. Santa, as amended (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2009). *
10.4	Employment Agreement, dated as of April 23, 2008, by and between the Company and John G. Banker, as amended (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2009). *
10.5	Employment Agreement dated January 19, 2011, among DYNAenergetics Holding GmbH, the Company and Rolf Rospek (incorporated by reference to the Company's Form 8-K filed with the Commission on January 24, 2011). *
10.6	Dynamic Materials Corporation 2006 Stock Incentive Plan (incorporated by reference to the Company's Form 10-Q filed with the Commission on November 2, 2006). *
10.7	Dynamic Materials Corporation Performance-Based Plan (incorporated by reference to Appendix A to the Company's Proxy Statement filed with the Commission on April 23, 2009). *
10.8	Form of Executive Officer Restricted Stock Award Agreement (incorporated by reference to the Company's Form 8-K filed with the Commission on June 12, 2007). *
10.9	Form of Non-Executive Director Restricted Stock Award Agreement (incorporated by reference to the Company's Form 8-K filed with the Commission on June 12, 2007). *
10.10	Form of Indemnification Agreement (incorporated by reference to the Company's Form 8-K filed with the Commission on January 24, 2011). *
21.1	Subsidiaries of the Company.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1	Certification of the President and Chief Executive Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Vice President and Chief Financial Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Annual Report on Form 10-K of Dynamic Materials Corporation. For the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text.**

* Management contract or compensatory plan or arrangement.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNAMIC MATERIALS CORPORATION

March 9, 2012

By: /s/ Richard A. Santa
Richard A. Santa
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE

/s/ Yvon Pierre Cariou Yvon Pierre Cariou	President and Chief Executive Officer (Principal Executive Officer)	March 9, 2012
/s/ Richard A. Santa Richard A. Santa	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 9, 2012
/s/ John G. Banker John G. Banker	Senior Vice President, Customers and Technology (Executive Officer)	March 9, 2012
/s/ Rolf Rospek Rolf Rospek	Chief Executive Officer, DYNAenergetics (Executive Officer)	March 9, 2012
/s/ Dean K. Allen Dean K. Allen	Chairman and Director	March 9, 2012
/s/ Robert A. Cohen Robert A. Cohen	Director	March 9, 2012
/s/ James J. Ferris James J. Ferris	Director	March 9, 2012
/s/ Richard P. Graff Richard P. Graff	Director	March 9, 2012
/s/ Bernard Hueber Bernard Hueber	Director	March 9, 2012
/s/ Gerard Munera Gerard Munera	Director	March 9, 2012

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ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at beginning of period	Additions charged to income	Accounts receivable written off	Other Adjustments	Balance at end of period
Year ended -					
December 31, 2009	$ 614	$ —	$ —	$ (224)	$ 390
December 31, 2010	$ 390	$ —	$ —	$ (12)	$ 378
December 31, 2011	$ 378	$ 267	$ (149)	$ (72)	$ 424

DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES
SCHEDULE II(b) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
WARRANTY RESERVE

	Balance at beginning of period	Additions charged to income	Repairs allowed	Other Adjustments	Balance at end of period
Year ended -					
December 31, 2009	$ 353	$ 50	$ (105)	$ —	$ 298
December 31, 2010	$ 298	$ 463	$ (164)	$ —	$ 597
December 31, 2011	$ 597	$ 756	$ (761)	$ —	$ 592

DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES
SCHEDULE II(c) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
INVENTORY RESERVE

	Balance at beginning of period	Additions charged to income	Inventory write-offs	Balance at end of period
Year ended -				
December 31, 2009	$ 190	$ 214	$ (148)	$ 256
December 31, 2010	$ 256	$ 210	$ (241)	$ 225
December 31, 2011	$ 225	$ 77	$ (145)	$ 157

Exhibit 10.1

$36,000,000 US Dollar Revolving Loan
€16,000,000 Euro Revolving Loan
C$1,500,000 Canadian Dollar Revolving Loan

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

December 21, 2011

among

DYNAMIC MATERIALS CORPORATION,

The US Borrowers Party Hereto,

The Euro Borrowers Party Hereto,

The Canadian Borrowers Party Hereto,

The Guarantors Party Hereto,

The Lenders Party Hereto,

JPMORGAN CHASE BANK, N.A.,
as US Administrative Agent,

J.P. MORGAN EUROPE LIMITED,
as Euro Administrative Agent,

JPMORGAN CHASE BANK N.A., TORONTO BRANCH,
as Canadian Administrative Agent,

KEYBANK NATIONAL ASSOCIATION,
as Syndication Agent

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Documentation Agent

* * *

JPMORGAN CHASE BANK, N.A.,
as Lead Arranger and Sole Bookrunner

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Exhibit 1.1E	Form of New Lender Agreement
Exhibit 2.03	Form of Borrowing Request
Exhibit 2.07	Form of Interest Election Request
Exhibit 5.01(c)	Form of Compliance Certificate

AMENDED AND RESTATED CREDIT AGREEMENT dated as of December 21, 2011 (this "Agreement"), among Dynamic Materials Corporation, a Delaware corporation (the "Parent"), the US Borrowers party hereto, the Euro Borrowers party hereto, the Canadian Borrowers party hereto, the Guarantors party hereto, the Lenders party hereto, JPMorgan Chase Bank, N.A., as US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, National Association, as Documentation Agent.

PRELIMINARY STATEMENT:

WHEREAS, the Parent is a party to that certain Credit Agreement dated November 16, 2007 (the "Prior Agreement") among the Parent, Dynamic Materials Luxembourg 2 S.à r.l., the guarantors party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and J.P. Morgan Europe Limited, as Euro administrative agent;

WHEREAS, the Borrowers, the Administrative Agent, the Euro Administrative Agent and the Lenders mutually desire to amend and restate the Prior Agreement in its entirety;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, the Borrowers, the Guarantors, the US Administrative Agent, the Euro Administrative Agent, the Canadian Administrative Agent and the Lenders agree as follows:

ARTICLE I

Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any US Loan or US Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by an Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means the US Administrative Agent, the Euro Administrative Agent and the Canadian Administrative Agent.

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"Applicable Agent" means (a) with respect to a Loan or Borrowing denominated in Dollars or a US Letter of Credit and with respect to any payment hereunder that does not relate to a particular Loan or Borrowing, the US Administrative Agent, (b) with respect to a Loan or Borrowing denominated in Euros or a Euro Letter of Credit, the Euro Administrative Agent and (c) with respect to a Loan or Borrowing denominated in Canadian Dollars or a Canadian Letter of Credit, the Canadian Administrative Agent.

"Applicable Issuing Lender" means (a) with respect to a US Letter of Credit, the US Issuing Lender, (b) with respect to a Euro Letter of Credit, the Euro Issuing Lender and (c) with respect to a Canadian Letter of Credit, the Canadian Issuing Lender.

"Applicable Margin" means, on any day, the applicable per annum percentage set forth at the appropriate intersection in the table shown below, based on the Leverage Ratio for the most recently ended trailing four-quarter period with respect to which the Parent is required to have delivered the financial statements pursuant to Section 5.01(a) or Section 5.01(b), as applicable (as such Leverage Ratio is reflected in the Compliance Certificate delivered under Section 5.01(c) in connection with such financial statements):

Level	Leverage Ratio	Applicable Margin for Eurodollar, Eurocurrency and CDOR Loans	Applicable Margin for ABR Loans	Applicable Margin for Canadian Prime Rate Loans
I	1.00 > X	1.25 %	0.00 %	1.50 %
II	1.50 >X > 1.00	1.50 %	0.00 %	1.50 %
III	X > 1.50	1.75 %	0.25 %	1.75 %

Each change in the Applicable Margin shall take effect on each date on which such financial statements and Compliance Certificate are required to be delivered pursuant to Section 5.01(a) or Section 5.01(b), as applicable, and Section 5.01(c), commencing with the date on which such financials statements and Compliance Certificate are required to be delivered for the fiscal year ending December 31, 2011. Notwithstanding the foregoing, for the period from the Effective Date through the date the financial statements and Compliance Certificate are required to be delivered pursuant to Section 5.01(a) and Section 5.01(c) for the fiscal year ending December 31, 2011, the Applicable Margin shall be determined at Level I. In the event that any financial statement delivered pursuant to Section 5.01(a) or Section 5.01(b), as applicable, is shown to be

inaccurate when delivered (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, and only in such case, then the Parent shall immediately (i) deliver to the US Administrative Agent corrected financial statements for such Applicable Period, (ii) determine the Applicable Margin for such Applicable Period based upon the corrected financial statements, and (iii) immediately pay to the US Administrative Agent the accrued additional interest owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the US Administrative Agent in accordance with Section 2.17(e). This provision is in addition to rights of the Agents and Lenders with respect to Section 2.12(g) and their other respective rights under this Agreement. If the Parent fails to deliver the financial statements and corresponding Compliance Certificate to the US Administrative Agent at the time required pursuant to Section 5.01, then effective as of the date such financial statements and corresponding Compliance Certificate were required to be delivered pursuant to Section 5.01, the Applicable Margin shall be determined at Level III and shall remain at such level until the date such financial statements and corresponding Compliance Certificate are so delivered by the Parent.

"Applicable Percentage" means (a) with respect to any US Lender, the percentage of the total US Commitments represented by such Lender's US Commitment, (b) with respect to any Euro Lender, the percentage of the total Euro Commitments represented by such Lender's Euro Commitment and (c) with respect to any Canadian Lender, the percentage of total Canadian Commitments represented by such Lender's Canadian Commitment; provided that in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of total Commitments of any Class (disregarding any Defaulting Lender's Commitment of such Class) represented by such Lender's Commitment of such Class. If the Commitments have terminated or expired pursuant to this Agreement, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments pursuant to this Agreement and any Lender's status as a Defaulting Lender at the time of determination.

"Asset Sale" means a Disposition by any Borrower or any of its respective Subsidiaries to any Person of (a) substantially all of the assets, or any material division or line of business, of such Borrower or any such Subsidiary, or (b) any other assets of such Borrower or any such Subsidiary, including, without limitation, any accounts

receivable, but excluding in each case of clause (a) and (b) above the Dispositions permitted in Section 6.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the US Administrative Agent, in the form ofExhibit 1.1A or any other form approved by US Administrative Agent and the Parent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Termination Date and the date of termination of the Commitments.

"Bank Products" means each and any of the following bank services provided to any Obligor by a Lender or any of its Affiliates: (a) commercial credit cards, (b) commercial

checking accounts, (c) stored value cards and (d) treasury management services (including, without limitation, controlled disbursements, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the US Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowers" means, collectively, the US Borrowers, the Euro Borrowers and the Canadian Borrowers.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, Eurocurrency Loans and CDOR Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by a Borrower for a Borrowing in accordance withSection 2.03 and substantially in the form attached hereto asExhibit 2.03 or such other form reasonably acceptable to the Applicable Agent.

"Business Acquisition" means (a) an Investment by any Borrower or any other Person pursuant to which such Person shall become a Subsidiary of such Borrower or shall be merged into or consolidated with such Borrower or any of its Subsidiaries or (b) an acquisition by any Borrower or any of its respective Subsidiaries of the property and assets of any Person that constitute substantially all of the assets of such Person or any division or other business unit of such Person.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City, New York, Denver, Colorado, London, England, Toronto, Canada, and Luxembourg are authorized or required by Law to remain closed; provided that, (a) when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market and (b) when used in connection with a Loan denominated in Euros, the term "Business Day" shall also exclude any day that is not a TARGET Day.

"Canadian Administrative Agent" means JPMorgan Chase Bank, N.A., Toronto Branch, an Affiliate of the US Administrative Agent, acting at the request of the US Administrative Agent, in its capacity as Canadian administrative agent for the Lenders hereunder.

"Canadian Borrowers" means the Parent and DYNAenergetics Canada.

"Canadian Borrowing" means a Borrowing comprised of one or more Canadian Loans.

"Canadian Commitment" means, with respect to each Canadian Lender, the commitment of such Lender to make Canadian Loans and to acquire participations in Canadian Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Canadian Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 or increased from time to time pursuant toSection 2.19 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 2.18 or Section 10.04. The initial amount of each such Lender's Canadian Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Canadian Commitment, as applicable. The initial aggregate amount of the Lenders' Canadian Commitments is C$1,500,000.

"Canadian Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Canadian Loans and its Canadian LC Exposure at such time.

"Canadian Dealer Offered Rate" means, with respect to any Canadian Borrowing for any Interest Period, on any day, the annual rate of interest which is the rate determined as being the arithmetic average of the quotations of all institutions listed in respect of such Interest Period for Canadian Dollar denominated bankers' acceptances displayed and identified as such on the "Reuters Screen CDOR Page" as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time, as of 10:00 a.m., Local Time, on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Canadian Administrative Agent after such time to reflect any error in the posted average annual rate of interest) plus 0.10%; provided that if such rates are not available on the Reuters Screen CDOR Page on any particular day, then such rate on that day shall be calculated as the cost of funds quoted by the Canadian Administrative Agent to raise Canadian Dollars for such Interest Period as of 10:00 a.m., Local Time, on such day for commercial loans and other extensions of credit to businesses of comparable credit risk or, if such day is not a Business Day, then as quoted by the Canadian Administrative Agent on the immediately preceding Business Day.

"Canadian Dollars" or "C$" means lawful currency of Canada.

"Canadian Issuing Lender" means JPMorgan Chase Bank, N.A., Toronto Branch, in its capacity as the issuer of Canadian Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). The Canadian Issuing Lender may, in its discretion, arrange for one or more Canadian Letters of Credit to be issued by Affiliates of the Canadian Issuing Lender, in which case the term "Canadian Issuing Lender" shall include any Affiliate with respect to Canadian Letters of Credit issued by such Affiliate.

"Canadian LC Disbursement" means a payment made by the Canadian Issuing Lender pursuant to a Canadian Letter of Credit.

"Canadian LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all Canadian Letters of Credit at such time plus (b) the aggregate amount of all Canadian LC Disbursements that have not yet been reimbursed by the Canadian Borrowers or converted into a Canadian Loan pursuant to Section 2.05(e) at such time. The Canadian LC Exposure of any Lender at any time shall be its Applicable Percentage of the total Canadian LC Exposure at such time.

"Canadian Lender" means a Lender with a Canadian Commitment or, if the Canadian Commitments have terminated or expired, a Lender with Canadian Credit Exposure.

"Canadian Letter of Credit" means any Letter of Credit denominated in Canadian Dollars issued pursuant to Section 2.05 of this Agreement.

"Canadian Loan" means a Loan made pursuant to Section 2.01(c).

"Canadian Prime", when used in reference to any Canadian Loan or Canadian Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Canadian Prime Rate.

"Canadian Prime Rate" means, for any period, a fluctuating interest rate per annum as in effect from time to time which rate per annum shall at all times be equal to the percentage rate per annum determined by the Canadian Administrative Agent (rounded up to two decimal places) to be the greater of (a) the rate of interest that the Canadian Administrative Agent establishes at the time as the reference rate of interest for determination of interest rates it will charge for loans in Canadian Dollars at its office in Toronto, Canada and to which it refers as its prime rate (or its equivalent or analogous such rate) or (b) the sum of (i) the yearly rate of interest to which the one-month CDOR is equivalent plus (ii) 1% per annum.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CDOR", when used in reference to any Canadian Loan or Canadian Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Canadian Dealer Offered Rate.

"Change in Control" means (a) any Person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 as in effect on the Effective Date) shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 as in effect on the Effective Date) of issued and outstanding Equity Interests of the Parent representing more than 35% of the aggregate voting power in elections for directors of the Parent on a fully diluted

basis; or (b) a majority of the members of the board of directors of the Parent shall cease to be either (i) Persons who were members of the board of directors on the Effective Date or (ii) Persons who became members of such board of directors after the Effective Date and whose election or nomination was approved by a vote or consent of the majority of the members of the board of directors that are either described in clause (i) above or who were elected under this clause (ii).

"Change in Law" means the occurrence, after the Effective Date (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking into effect of any Law, (b) any change in any Law or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of Law) of any Governmental Authority; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, regulations, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or Governmental Authority with respect to the implementation of the Basel III Accord shall, in each case, be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are US Loans, Euro Loans, Canadian Loans, US Swingline Loans or Euro Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a US Commitment, a Euro Commitment or a Canadian Commitment, and when used in reference to any Lender, refers to whether such Lender has a US Commitment, a Euro Commitment or a Canadian Commitment.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all of the property described in the Security Agreements serving as security for the Loans.

"Commitment" means any US Commitment, Euro Commitment or Canadian Commitment, as the context may require, and "Commitments" means any or all of the foregoing, as the context may require.

"Commitment Fee Rate" means, on any day, the applicable per annum percentage set forth at the appropriate intersection in the table shown below, based on the Leverage Ratio for the most recently ended trailing four-quarter period with respect to which the Parent is required to have delivered the financial statements pursuant to Section 5.01(a) or Section 5.01(b), as applicable (as such Leverage Ratio is reflected in the Compliance Certificate delivered pursuant to Section 5.01(c) in connection with such financial statements):

Level	Leverage Ratio	Commitment Fee Rate
I	1.00 > X	0.200 %
II	1.50 > X> 1.00	0.250 %
III	X > 1.50	0.300 %

Each change in the Commitment Fee Rate shall take effect on each date on which such financial statements and Compliance Certificate are required to be delivered pursuant to Section 5.01(a) or Section 5.01(b), as applicable, and Section 5.01(c), commencing with the date on which such financials statements and Compliance Certificate are required to be delivered for the fiscal year ending December 31, 2011. Notwithstanding the foregoing, for the period from the Effective Date through the date the financial statements and Compliance Certificate are required to be delivered pursuant to Section 5.01(a) and Section 5.01(c) for the fiscal year ending December 31, 2011, the Commitment Fee Rate shall be determined at Level I. In the event any financial statement delivered pursuant to Section 5.01(a) or Section 5.01(b), as applicable, is shown to

be inaccurate when delivered (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to a higher Commitment Fee Percentage for any period (an "Applicable Commitment Fee Period") than the Commitment Fee Percentage applied for such Applicable Commitment Fee Period, and only in such case, then the Parent shall immediately (i) deliver to the US Administrative Agent corrected financial statements for such Applicable Commitment Fee Period, (ii) determine the Commitment Fee Percentage for such Applicable Commitment Fee Period based on the corrected financial statements, and (iii) immediately pay to the US Administrative Agent the additional accrued commitment fees owing as a result of such increased Commitment Fee Rate for such Applicable Commitment Fee Period, which payment shall be promptly applied by the US Administrative Agent in accordance with Section 2.11. This provision is in addition to the rights of the Agents and Lenders with respect to Section 2.12(g) and their other respective rights under this Agreement. If the Parent fails to deliver the financial statements and corresponding Compliance Certificate to the US Administrative Agent at the time required pursuant to Section 5.01, then effective as of the date such financial statements and corresponding Compliance Certificate were required to be delivered pursuant to Section 5.01, the Commitment Fee Rate shall be determined at Level III and shall remain at such level under the date such financial statements and corresponding Compliance Certificate are so delivered by the Parent.

"Commitment Increase Agreement" means a Commitment Increase Agreement entered into by a Lender in accordance with Section 2.19(d) and accepted by the US Administrative Agent in the form of Exhibit 1.1D or any other form approved by the US Administrative Agent.

"Commitment Increase Notice" has the meaning set forth in Section 2.19(a).

"Compliance Certificate" has the meaning set forth in Section 5.01(c).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, for any Person, for any period, Net Income of such Person and its consolidated Subsidiaries determined on a consolidated basis in accordance with GAAP for such period, plus, to the extent deducted in the determination of such Net Income and without duplication, (a) provisions for income taxes, (b) Interest Expense, (c) depreciation and

amortization expense, (d) extraordinary, non-recurring charges and (e) other non-cash charges; and minus, to the extent included in the determination of such Net Income and without duplication, (i) interest income, (ii) extraordinary, non-recurring income, revenue or gains and (iii) other non-cash income.

"Consolidated Funded Indebtedness" of any Person, means, without duplication, Indebtedness of such Person and its consolidated Subsidiaries, determined on a consolidated basis in accordance with GAAP, evidenced by a note, bond, debenture or similar instrument with regularly scheduled interest payments and a maturity date.

"Consolidated Pro Forma EBITDA" means, for any Person, for any period, without duplication, Consolidated EBITDA of such Person, (i) plus the Consolidated EBITDA for such period of any Subsidiary of such Person acquired during such period, as if acquired on the first day of such period and (ii) minus the Consolidated EBITDA for such period of any Subsidiary of such Person disposed of during such period, as if disposed of on the first day of such period, determined in a manner reasonably satisfactory to US Administrative Agent.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's US Credit Exposure, Euro Credit Exposure and Canadian Credit Exposure at such time. For purposes of determining Credit Exposure, the Euro Credit Exposure and the Canadian Credit Exposure shall be converted to Dollars at rates determined by the US Administrative Agent.

"Credit Party" means any Agent, Issuing Lender, Swingline Lender or any other Lender.

"Default" means any event or condition that constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means a rate per annum equal to (a) with respect to overdue principal of any Loan, the rate otherwise applicable to such Loan plus 2% and (b) with respect to all other amounts, the rate otherwise applicable to ABR Loans plus 2%.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Applicable Agent (and the US Administrative Agent if it shall not be the Applicable Agent) in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Parent or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition

precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Applicable Agent (and the US Administrative Agent if it shall not be the Applicable Agent), or (d) has become the subject of a Bankruptcy Event.

"Disposition" means sale, lease, conveyance or other disposition.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary of the Parent (other than a Subsidiary of any Foreign Subsidiary) that is a U.S. Person.

"DYNAenergetics Canada" means DYNAenergetics Canada Inc., a corporation existing under the laws of Alberta, Canada, a Wholly Owned Subsidiary of the Parent.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"Environmental Laws" means all Laws, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any of the Borrowers directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Parent, is treated as a single employer under Section 414(b) or (c) of the Code

or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of any unpaid "minimum required contribution" (as defined in Section 430 of the Code or Section 303 of ERISA), whether or not waived, or with respect to a Multiemployer Plan, any "accumulated funding deficiency" (as defined in Section 431 of the Code or Section 304 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Parent or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Parent or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Parent or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Parent or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Parent or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EURIBOR" means, in relation to any Euro Loan for any Interest Period, an interest rate per annum equal to the applicable Screen Rate as of 11:00 a.m. Brussels, Belgium time on the second TARGET Day (excluding any TARGET Day that is not a Business Day) prior to the beginning of such Interest Period for the offering of deposits in Euro for a period comparable to the Interest Period of the relevant Loan.

"Euro", "Euros" and "€" mean the single currency of the Participating Member States.

"Euro Administrative Agent" means J.P. Morgan Europe Limited in London, England, an Affiliate of the US Administrative Agent, acting at the request of the US Administrative Agent, in its capacity as Euro administrative agent for the Lenders hereunder.

"Euro Borrowers" means the Parent and the Wholly Owned Subsidiaries of the Parent that are organized under the laws of a Participating Member State and that are identified as Euro Borrowers on the signature pages hereto.

"Euro Borrowing" means a Borrowing comprised of one or more Euro Loans.

"Euro Commitment" means, with respect to each Euro Lender, the commitment of such Lender to make Euro Loans and to acquire participations in Euro Letters of Credit and Euro Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Euro Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 or increased from time to time pursuant to Section 2.19 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 2.18 or Section 10.04. The initial amount of each such Lender's Euro Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant

to which such Lender shall have assumed its Euro Commitment, as applicable. The initial aggregate amount of the Lenders' Euro Commitments is €16,000,000.

"Euro Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Euro Loans and its Euro LC Exposure and its Euro Swingline Exposure at such time.

"Euro Issuing Lender" means J.P. Morgan Europe Limited, in its capacity as the issuer of Euro Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). The Euro Issuing Lender may, in its discretion, arrange for one or more Euro Letters of Credit to be issued by Affiliates of the Euro Issuing Lender, in which case the term "Euro Issuing Lender" shall include any Affiliate with respect to Euro Letters of Credit issued by such Affiliate.

"Euro LC Disbursement" means a payment made by the Euro Issuing Lender pursuant to a Euro Letter of Credit.

"Euro LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all Euro Letters of Credit at such time plus (b) the aggregate amount of all Euro LC Disbursements that have not yet been reimbursed by the Euro Borrowers or converted into a Euro Loan or Euro Swingline Loan pursuant to Section 2.05(e) at such time. The Euro LC Exposure of any Lender at any time shall be its Applicable Percentage of the total Euro LC Exposure at such time.

"Euro Lender" means a Lender with a Euro Commitment or, if the Euro Commitments have terminated or expired, a Lender with Euro Credit Exposure.

"Euro Letter of Credit" means any Letter of Credit denominated in Euros and issued pursuant to Section 2.05 of this Agreement.

"Euro Loan" means a Loan made pursuant to Section 2.01(b).

"Euro Swingline Exposure" means, at any time, the aggregate principal amount of all Euro Swingline Loans outstanding at such time. The Euro Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Euro Swingline Exposure at such time.

"Euro Swingline Lender" means J.P. Morgan Europe Limited, in its capacity as lender of Euro Swingline Loans hereunder.

"Euro Swingline Loan" means a Loan made in Euros pursuant to Section 2.05.

"Euro Swingline Rate" means, in relation to a Euro Swingline Loan, the percentage rate per annum which is the aggregate of:

(a) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Euro Administrative Agent at its request quoted by the Reference Bank to leading banks in the European interbank market as of 11.00 a.m., Local Time on the date of Borrowing

for that Euro Swingline Loan for the offering of deposits in Euro for a period comparable to the Interest Period for the relevant Euro Swingline Loan and for settlement on that day;

(b) 1.75 per cent per annum; and

(c) Mandatory Cost (if any).

"Eurocurrency", when used in reference to any Euro Loan or Euro Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the EURIBOR.

"Eurocurrency Rate" means EURIBOR.

"Eurodollar", when used in reference to any US Loan or US Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Section 7.01.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Other Connection Taxes, including Connection Income Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Parent under Section 2.18(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lender office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(e) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Letter of Credit" means that certain letter of credit dated February 4, 2010, issued by JPMorgan Chase Bank, N.A., in its capacity as issuing lender under the Prior Agreement, in the amount of $29,311.20.

"FATCA" means Sections 1471 through 1474 of the Code (or any amended or successor version) and any current or future regulations or official interpretations thereof.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the US Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means the letter agreement, dated November 22, 2011, among the Parent, the Agents and the sole book runner and lead arranger.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Parent.

"Fitch" means Fitch Ratings, Ltd.

"Fixed Charge Coverage Ratio" means, for any period, the ratio of (a) Consolidated EBITDA to (b) Fixed Charges.

"Fixed Charges" means, for any period of determination, without duplication, the sum of (a) cash Interest Expense, (b) cash dividends, (c) cash income Taxes and (d) an amount equal to 75% of depreciation expense, in each case, for the Parent and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Foreign Guarantors" means each of the Parent's existing and subsequently acquired or organized Wholly Owned Subsidiaries that are Foreign Subsidiaries, including, without limitation, the Euro Borrowers and the Canadian Borrowers, which Subsidiaries guarantee the Obligations of the Euro Borrowers and the Canadian Borrowers under the Loan Documents.

"Foreign Lender" means any Lender that is not a U.S. Person.

"Foreign Subsidiary" means a Subsidiary of the Parent that is not a U.S. Person.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Approval" means (i) any authorization, consent, approval, license, waiver, or exemption, by or with; (ii) any notice to; (iii) any declaration of or with; or (iv) any registration by or with, or any other action or deemed action by or on behalf of, any Governmental Authority.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment

thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary

obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided, that the term guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any guarantee of any guarantor shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such guarantee is made and (ii) the maximum amount for which such guarantor may be liable pursuant to the terms of the instrument embodying such guarantee, unless such primary obligation and the maximum amount for which such guarantor may be liable are not stated or determinable, in which case the amount of such guarantee shall be such guarantor's maximum reasonably anticipated liability in respect thereof as determined by the Parent in good faith.

"Guarantees" means the guarantees issued pursuant to this Agreement as contained in Article IX.

"Guarantors" means the US Guarantors and the Foreign Guarantors.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all guarantees by such Person of Indebtedness of others, (h) the principal portion of all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes other than Excluded Taxes and Other Taxes.

"Indemnitee" has the meaning set forth in Section 10.03(b).

"Interest Election Request" means (a) a request by a US Borrower to convert or continue a Eurodollar Borrowing, (b) a request by a Euro Borrower to continue a Eurocurrency Borrowing

or (c) a request by a Canadian Borrower to convert or continue a CDOR Borrowing, in each case in accordance with Section 2.07 and substantially in the form attached hereto as Exhibit 2.07 or such other form reasonably acceptable to the Applicable Agent.

"Interest Expense" means, for any Person, for any period, determined on a consolidated basis in accordance with GAAP, the sum of all interest on Indebtedness paid or payable (including the portion of rents payable under Capital Lease Obligations allocable to interest) in or for such period, plus all original issue discount and other interest expense associated with Indebtedness accreted or amortized or required to be accreted or amortized in or for such period.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a US Swingline Loan) or any Canadian Prime Rate Loan, the last day of each March, June, September and December and the Termination Date; (b) with respect to any Eurodollar Loan, Eurocurrency Loan or CDOR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar, Eurocurrency or CDOR Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period; and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, Eurocurrency Borrowing or CDOR Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the applicable Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Investment" means any investment in any Person, whether by means of a purchase of Equity Interests or debt securities, capital contribution, loan, guarantee, time deposit or otherwise (but not including any demand deposit).

"Issuing Lenders" means the US Issuing Lender, the Euro Issuing Lender and the Canadian Issuing Lender.

"Joinder Agreement" means those agreements in the form of Exhibit 1.1B(i) and Exhibit 1.1B(ii).

"Law" means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Government Approvals and Orders of all Governmental Authorities, whether now or hereafter in effect.

"LC Disbursement" means a payment made by the Issuing Lender pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the US Borrower or converted into a Loan pursuant to Section 2.05(e) at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a Subsidiary.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the US Swingline Lender and the Euro Swingline Lender.

"Letter of Credit" means any letter of credit issued pursuant to Section 2.05 of this Agreement.

"Leverage Ratio" means, for any trailing four quarter period, the ratio of Consolidated Funded Indebtedness of the Parent on the last day of such period to Consolidated Pro Forma EBITDA of the Parent for such trailing four-quarter period.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on the Reuters Reference Screen LIBOR01 page (or any successor thereto or substitute therefor provided by Reuters, providing rate quotations comparable to those currently provided on such page, as determined by the US Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., Local Time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London, England office of the US Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., Local Time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, any applications for Letters of Credit and reimbursement agreements relating thereto, the Security Documents, the Fee Letter, any

Commitment Increase Agreements and New Lender Agreements and each Swap Agreement with any Lender or Affiliate thereof entered into pursuant to Section 6.06 or pursuant to the Prior Agreement.

"Loans" means the loans made by the Lenders to the US Borrowers, the Euro Borrowers or the Canadian Borrowers, as applicable, pursuant to this Agreement, including the Swingline Loans.

"Local Time" means (a) with respect to a Loan denominated in Dollars, New York City, New York time, (b) with respect to a Loan denominated in Euros, London, England time, and (c) with respect to a Loan denominated in Canadian Dollars, Toronto, Canada time.

"Mandatory Cost" means the percentage rate per annum calculated by the Euro Administrative Agent in accordance with Exhibit 1.1C.

"Material Adverse Effect" means a material adverse effect on (i) the business, operations, assets, property, or condition (financial or otherwise) of any Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Borrowers or Guarantors to perform their Obligations under the Loan Documents, (iii) the validity or enforceability of any of the Loan Documents or (iv) the rights and remedies of the Agents and the Lenders under the Loan Documents.

"Material Contract" means any contract or agreement, written or oral, to which any Borrower or any of its Subsidiaries is a party to the extent a default under such contract could reasonably be expected to have a Material Adverse Effect.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) or obligations in respect of one or more Swap Agreements, of any one or more of the Borrowers and their respective Subsidiaries in an aggregate principal amount exceeding $2,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Borrower or any of its Subsidiaries in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Property" means the real property covered by the Mortgages.

"Mortgages" means (a) that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of November 16, 2007, executed by the Parent in favor of the US Administrative Agent in respect of certain property located in Hartford County, Connecticut, as more particularly described therein, as assigned by the Parent to AMK Welding, Inc. (b) that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of November 12, 2007, effective as of November 16, 2007, executed by the Parent in favor of the US Administrative Agent in respect of certain property located in Fayette County, Pennsylvania, as more particularly described therein and (c) that certain Open-End Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of November 16, 2007, executed by the Parent in favor of

the US Administrative Agent in respect of certain property located in Fayette County, Pennsylvania, as more particularly described therein.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Income" means, for any Person, for any period, the net income or loss of the for such period determined on a consolidated basis in accordance with GAAP.

"New Lender" has the meaning set forth in Section 2.19(c).

"New Lender Agreement" means a New Lender Agreement entered into by a New Lender in accordance with Section 2.19(c) and accepted by the US Administrative Agent in the form of Exhibit 1.1E or any other form approved by the US Administrative Agent.

"Obligations" means all of the duties, obligations and liabilities of any kind of the Borrowers and each Guarantor hereunder or under any of the Loan Documents or in respect of Bank Products.

"Obligors" means the Borrowers and each Guarantor.

"Order" means an order, writ, judgment, award, injunction, decree, ruling or decision of any Governmental Authority or arbitrator.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Parent" has the meaning given in the preamble.

"Participant" has the meaning set forth in Section 10.04.

"Participating Member State" means a member state of the European Community that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for European Monetary Union.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlords', suppliers', processors' and other like Liens imposed by Law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) utility deposits and deposits to secure the performance of bids, tenders, contracts, leases, statutory obligations, surety and appeal bonds (or deposits made to otherwise secure an appeal, stay or discharge in the course of any legal proceeding), performance or completion bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01;

(f) easements, zoning restrictions, rights-of-way, reservations, subdivisions and similar encumbrances or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of owned or leased real property and minor defects and irregularities in title on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of either Borrower or any of its respective Subsidiaries;

(g) Liens arising from filing UCC financing statements regarding leases permitted by this Agreement; and

(h) Liens of licensors on licenses or sublicenses of Intellectual Property;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency or instrumentality thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) Euro-denominated securities issued or unconditionally guaranteed or insured by any Participating Member State or Switzerland (or by any agency or instrumentality thereof to the extent such securities are backed by the full faith and credit of such Participating Member State), in each case maturing within one year from the date of acquisition thereof;

(c) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, a rating of at least F1 by Fitch, P-1 by Moody's or A-1 by S&P;

(d) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (i) any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000 or (ii) any financial institution in a Participating Member State or Switzerland, which financial institution has short term unsecured, unsubordinated and unguaranteed debt instruments in issue having a rating of at least F1 by Fitch, P-1 by Moody's or A-1 by S&P; provided that with respect to any Foreign Subsidiary whose country of organization or country where it conducts its business operations is not a Participating Member State or Switzerland, Permitted Investments shall also mean those investments that are comparable to the investments set forth in this clause (d) in such Foreign Subsidiary's country of organization or country where it conducts business operations;

(e) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (d)(ii) above; and

(f) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated at least AAA by S&P, Aaa by Moody's or AAA by Fitch or (iii) are rated as described in clause (ii) and invest solely in the assets described in clauses (a) through (e) above.

"Permitted Liens" means Liens that any of the Borrowers and their respective Subsidiaries are permitted to create, incur, assume or permit to exist pursuant to Section 6.02.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Parent or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its office located at 383 Madison Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Recipient" means (a) any Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

"Reference Bank" means the principal London office of J. P. Morgan Europe Limited or such other banks as may be appointed by the Euro Administrative Agent in consultation with the Parent.

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time.

"Response" means (a) "response" as such term is defined in CERCLA, 42 U.S.C. §9601(24), and (b) all other actions required by any Governmental Authority or voluntarily undertaken to: (i) clean up, remove, treat, abate, or in any other way address any Hazardous Material in the environment; (ii) prevent the release or threatened release of any Hazardous Material; or (iii) perform studies and investigations in connection with, or as a precondition to, clause (i) or (ii) above.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in any Borrower or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests, or any option, warrant or other right to acquire any such Equity Interests.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc.

"Screen Rate" means, with respect to the EURIBOR, the percentage rate per annum determined by the Euro Administrative Agent to be the current rate of the Banking Federation of the European Union for the Reuters (Telerate) Screen - Page 248. In the event that such rate does not appear thereon (or otherwise on such service), the "Screen Rate" for purposes of this definition shall be determined by: (i) reference to such other comparable publicly available service for displaying EURIBOR rates as may be reasonably selected by the Euro Administrative Agent or (ii) at its option, the rate at which Euros approximately equal in principal amount to such Borrowing and for a maturity equal to the applicable Interest Period are offered in immediately available funds to the principal office of the Euro Administrative Agent in London, England by leading banks in the European Market for Euros at approximately 11:00 a.m., Local Time, two (2) TARGET Days prior to the commencement of such Interest Period.

"Security Agreements" means (i) those certain security and pledge agreements executed in connection with the Prior Agreement, as ratified and amended in connection with this Agreement, and identified on Schedule 1.01 to which certain Subsidiaries of the Parent will become parties from time to time as provided in Section 5.09 and (ii) that certain security and

pledge agreement dated as of the Effective Date, between DYNAenergetics Canada and the US Administrative Agent.

"Security Documents" means the Security Agreements, the Mortgages, each Joinder Agreement, and each other security document or pledge agreement delivered in accordance with applicable local or foreign Law to grant a valid, perfected security interest in any property, and all UCC or other financing statements or instruments of perfection required by this Agreement, any security agreement or mortgage to be filed with respect to the security interests in property and fixtures created pursuant to the Security Agreement or any mortgage and any other document or instrument utilized to pledge as collateral for any of the Obligations any property of whatever kind or nature, in each case, as the same may be amended or modified from time to time.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions that is entered into in the ordinary course of business for risk management purposes and not for speculative purposes; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of any Borrower or any of its respective Subsidiaries shall be a Swap Agreement.

"Swingline Loan" means a US Swingline Loan or a Euro Swingline Loan, as the context may require.

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in Euros.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, or similar charges or withholdings imposed by any Governmental Authority.

"Termination Date" means the fifth anniversary of the Effective Date.

"Transactions" means the execution, delivery and performance by the Borrowers of this Agreement and the other Loan Documents, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate, the EURIBOR, the CDOR or the Canadian Prime Rate.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other State the Laws of which are required to be applied in connection with the issue or perfection of security interests.

"US Administrative Agent" means JPMorgan Chase Bank, N.A. in its capacity as US administrative agent for the Lenders hereunder.

"US Borrowers" means the Parent and the Wholly-Owned Subsidiaries of the Parent that are Domestic Subsidiaries and that are identified as US Borrowers on the signature pages hereto.

"US Borrowing" means a Borrowing comprised of one or more US Loans.

"US Commitment" means, with respect to each US Lender, the commitment of such Lender to make US Loans and to acquire participations in US Letters of Credit and US Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's US Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 or increased from time to time pursuant to Section 2.19 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 2.18 or Section 10.04. The initial amount of each such Lender's US Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its US Commitment, as applicable. The initial aggregate amount of the Lenders' US Commitments is $36,000,000.

"US Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's US Loans and its US LC Exposure and its US Swingline Exposure at such time.

"US Guarantors" means each US Borrower and each of the Parent's existing and subsequently acquired or organized Wholly Owned Subsidiaries that are Domestic Subsidiaries (other than any Domestic Subsidiary of any Foreign Subsidiary), which US Guarantors guarantee certain Obligations under the Loan Documents pursuant to either Section 9.01(a)(i) or Section 9.01(a)(ii).

"US Issuing Lender" means JPMorgan Chase Bank, N.A., in its capacity as the issuer of US Letters of Credit hereunder and in its capacity as the issuer of the Existing Letter of Credit, and its successors in such capacity as provided in Section 2.05(i). The US Issuing Lender may, in its discretion, arrange for one or more US Letters of Credit to be issued by Affiliates of the US Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to US Letters of Credit issued by such Affiliate.

"US LC Disbursement" means a payment made by the US Issuing Lender pursuant to a US Letter of Credit.

"US LC Exposure" means, at any time, the sum of (a) the aggregate amount of all US Letters of Credit at such time plus (b) the aggregate amount of all US LC Disbursements that have not yet been reimbursed by the US Borrowers or converted into a US Loan or a US Swingline Loan pursuant to Section 2.05(e) at such time. The US LC Exposure of any Lender at any time shall be its Applicable Percentage of the total US LC Exposure at such time.

"US Lender" means a Lender with a US Commitment or, if the Commitments have terminated or expired, a Lender with US Credit Exposure.

"US Letter of Credit" means any Letter of Credit denominated in US Dollars and issued pursuant to Section 2.05 of this Agreement.

"US Loan" means a Loan made pursuant to Section 2.01(a).

"US Swingline Exposure" means, at any time, the aggregate principal amount of all US Swingline Loans outstanding at such time. The US Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total US Swingline Exposure at such time.

"US Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of US Swingline Loans hereunder.

"US Swingline Loan" means a Loan made in Dollars pursuant to Section 2.04(a).

"Wholly Owned Subsidiary" means, with respect to any parent at any date, a Subsidiary of which Equity Interests representing 100% of the equity or general partnership interests, as applicable (other than director or nominal shares), are, as of such date, owned, Controlled or held by such parent or one or more Wholly Owned Subsidiaries of such parent or by such parent and one or more Wholly Owned Subsidiaries of such parent.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "US Loan") or

by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "US Eurodollar Loan"). Borrowings also may be classified and referred to by Class (e.g., a "US Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "US Eurodollar Borrowing").

Section 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, replaced or otherwise modified (subject to any restrictions on such amendments, supplements, replacements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference herein or in any other Loan Document to a Loan Document shall include all appendices, exhibits and schedules thereto and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Parent notifies the Administrative Agent that the Parent requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Parent that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For purposes of determining compliance with any provision of this Agreement, the determination of whether a lease is to be treated as an operating lease or capital lease shall be made without giving effect to any change in accounting for leases pursuant to GAAP resulting from the implementation of proposes Accounting Standards Update (ASU) Leases (Topic 840) issued August 17, 2010, or any successor proposal. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Borrower or any of its Subsidiaries at "fair value", as defined therein and

(ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

Section 1.05 Conversions. The US Administrative Agent shall make all conversions of currencies hereunder in accordance with its customary practices.

ARTICLE II

The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:

(a) Each US Lender agrees to make loans to the US Borrowers from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's US Credit Exposure exceeding such Lender's US Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the US Borrowers may borrow, prepay and reborrow US Loans.

(b) Each Euro Lender agrees to make loans to the Euro Borrowers from time to time during the Availability Period in an aggregate amount that will not result in such Lender's Euro Credit Exposure exceeding such Lender's Euro Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Euro Borrowers may borrow, prepay and reborrow Euro Loans.

(c) Each Canadian Lender agrees to make loans to the Canadian Borrowers from time to time during the Availability Period in an aggregate amount that will not result in such Lender's Canadian Credit Exposure exceeding such Lender's Canadian Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Canadian Borrowers may borrow, prepay and reborrow Canadian Loans.

Section 2.02 Loans and Borrowings.

(a) Each Loan of any Class (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of such Class made by the appropriate Lenders ratably in accordance with their respective Commitments of such Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, (i) each Borrowing (other than a US Swingline Loan) under the US Commitment shall be comprised entirely of ABR Loans or Eurodollar Loans as the applicable US Borrower may request in accordance herewith, (ii) each Borrowing (other than a Euro Swingline Loan) under the Euro Commitment shall be comprised entirely of Eurocurrency Loans and (iii) each Borrowing under the Canadian Commitment shall be comprised entirety of

CDOR Loans or Canadian Prime Loans as the applicable Canadian Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect such Lender's Commitment or the obligation of the US Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $500,000. At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of €100,000 and not less than €1,000,000; provided that a Eurocurrency Borrowing may be in an aggregate amount that is equal to (i) the entire unused balance of the total Euro Commitments, (ii) that which is required to repay a Euro Swingline Loan or (iii) that which is required to finance the reimbursement of a Euro LC Disbursement as contemplated by Section 2.05(c). At the commencement of each Interest Period for any CDOR Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of C$100,000 and not less than C$500,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $50,000 and not less than $100,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to (i) the entire unused balance of the total US Commitments, (ii) that which is required to repay a US Swingline Loan, or (iii) that which is required to finance the reimbursement of a US LC Disbursement as contemplated by Section 2.05(e). At the time that each Canadian Prime Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of C$100,000 and not less than C$500,000; provided that a Canadian Prime Borrowing may be in an aggregate amount that is equal to (i) the entire unused balance of the

Canadian Commitments or (ii) that which is required to finance the reimbursement of a Canadian LC Disbursement as contemplated by Section 2.05(e). Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of (i) five (5) Eurodollar Borrowings outstanding, (ii) five (5) Eurocurrency Borrowings outstanding or (iii) three (3) CDOR Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

Section 2.03 Requests for Borrowings. To request a Borrowing other than a Swingline Loan, the applicable Borrower shall notify the Applicable Agent (and the US Administrative Agent if it shall not be the Applicable Agent) of such request (a) in the case of a Eurodollar Borrowing, by telephone or electronic communication not later than 12:00 noon, Local Time, three (3) Business Days before the date of the proposed Borrowing, (b) in the case of an ABR Borrowing, by telephone or electronic communication not later than 12:00 noon, Local Time, one (1) Business Day before the date of the proposed Borrowing, (c) in the case of a Eurocurrency Borrowing, by facsimile or electronic communication not later than 11:00 a.m., Local Time, three (3) Business Days before the date of the proposed Borrowing, (d) in the case of a CDOR Borrowing, by facsimile or electronic communication not later than 12:00 noon, Local Time, three (3) Business Days before the date of the proposed Borrowing and (e) in the case of a Canadian Prime Borrowing, by facsimile or electronic communication not later than 12:00 noon, Local Time, one (1) Business Day before the date of the proposed Borrowing;

provided that (i) any such notice of an ABR Borrowing to finance the reimbursement of a US LC Disbursement as contemplated by Section 2.05(e) may be given not later than 12:00 noon, Local Time, on the date of the proposed Borrowing and (ii) any such notice of a Canadian Prime Borrowing to finance the reimbursement of a Canadian LC Disbursement as contemplated by Section 2.05(e) may be given not later than 12:00 noon, Local Time, on the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable and, if delivered by telephone, shall be confirmed promptly by facsimile transmission or electronic communication to the Applicable Agent of a written Borrowing Request in a form approved by the Applicable Agent and signed by the applicable Borrower. Each telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the Borrower requesting such Borrowing;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) the Class and Type of such Borrowing;

(v) in the case of a Eurodollar Borrowing, a Eurocurrency Borrowing or a CDOR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, (i) with respect to Borrowings under the US Commitments, then the requested Borrowing shall be an ABR Borrowing and (ii) with respect to Borrowings under the Canadian Commitment, then the requested Borrowing shall be a Canadian Prime Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, Eurocurrency Borrowing or CDOR Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Applicable Agent shall advise each Lender having a Commitment of the Class of the requested Borrowing of the details such Borrowing Request and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, (i) the US Swingline Lender agrees to make US Swingline Loans to the US Borrowers from time to time during the Availability Period in an aggregate principal amount at any time outstanding that will not result in (A) the aggregate principal amount of outstanding US Swingline Loans exceeding $5,000,000 or (B) the total US Credit Exposures exceeding the total US Commitments and (ii) the Euro Swingline Lender agrees to make Euro Swingline Loans to the Euro Borrowers from time to time during the Availability Period in an aggregate principal amount that will not result in (A) the aggregate principal amount of outstanding Euro Swingline Loans exceeding €5,000,000 and (B) the total Euro Credit Exposures exceeding the total Euro Commitments; provided that

(x) no Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan and (y) for purposes of this Section 2.04 only, the terms "Euro Borrower" and "Euro Borrowers" shall not include the Parent. Within the foregoing limits and subject to the terms and conditions set forth herein, the US Borrowers and Euro Borrowers, as applicable, may borrow, prepay and reborrow Swingline Loans. Each US Swingline Loan shall be in an amount that is an integral multiple of $1 and not less than $25,000 and each Euro Swingline Loan shall be in an amount that is not less than €250,000.

(b) To request a US Swingline Loan, a US Borrower shall notify the US Administrative Agent of such request by telephone (confirmed by facsimile or electronic communication) not later than 12:00 noon, Local Time, on the day of a proposed US Swingline Loan. To request a Euro Swingline Loan, a Euro Borrower shall notify the Euro Administrative Agent of such request by facsimile or electronic communication not later than 9:00 a.m., Local Time, on the day of a proposed Euro Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. Such Agent will promptly advise the applicable Swingline Lender of any such notice received from a Borrower. The applicable Swingline Lender shall make each Swingline Loan to be made by it available to the applicable Borrower by means of a credit to the deposit account of such Borrower designated by such Borrower in writing in its request for such Swingline Loan or its confirmation of its request for such Swingline Loan, as applicable (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the appropriate Issuing Lender) by 3:00 p.m., Local Time, on the requested date of such Swingline Loan.

(c) The US Swingline Lender may by written notice given to the US Administrative Agent not later than 11:00 a.m., Local Time, on any Business Day require the US Lenders to acquire participations on such Business Day in all or a portion of the US Swingline Loans outstanding. The Euro Swingline Lender may by written notice given to the Euro Administrative Agent not later than 11:00 a.m., Local Time, on any Business Day require the Euro Lenders to acquire participations on such Business Day in all or a portion of the Euro Swingline Loans outstanding. Each such notice shall specify the aggregate amount of Swingline Loans in which the applicable Lenders will participate. Promptly upon receipt of such notice, (i) with respect to US Swingline Loans, the US Administrative Agent will give notice thereof to each US Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans and (ii) with respect to Euro Swingline Loans, the Euro Administrative Agent will give notice thereof to each Euro Lender specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each US Lender and each Euro Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the US Administrative Agent or the Euro Administrative Agent, as applicable, for the account of the relevant Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each US Lender and Euro Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or reduction or termination of the Commitments, and that each

such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each US Lender and Euro Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in

Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to the payment obligations of such Lender), and the US Administrative Agent or the Euro Administrative Agent, as applicable, shall promptly pay to the relevant Swingline Lender the amounts so received by it from such Lenders. The US Administrative Agent or the Euro Administrative Agent, as applicable, shall notify the US Borrowers or the Euro Borrowers, as applicable, of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the US Administrative Agent or the Euro Administrative Agent, as applicable, and not to the relevant Swingline Lender. Any amounts received by a Swingline Lender from a Borrower (or other party on behalf of a Borrower) in respect of a Swingline Loan after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the US Administrative Agent or the Euro Administrative Agent, as applicable; any such amounts received by such Agent shall be promptly remitted by such Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the relevant Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid by a Swingline Lender or such Agent, as applicable, if and to the extent such payment is required to be refunded to a Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the US Borrowers or the Euro Borrowers of any default in the payment thereof.

Section 2.05 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, at any time during the Availability Period, (i) any US Borrower may request the issuance of, and the US Issuing Lender shall issue, US Letters of Credit for the account of such US Borrower or the account of any of its Subsidiaries, in a form reasonably acceptable to the US Administrative Agent and the US Issuing Lender, (ii) any Euro Borrower may request the issuance of, and the Euro Issuing Lender shall issue, Euro Letters of Credit for the account of such Euro Borrower or the account of any of its Subsidiaries, in a form reasonably acceptable to the Euro Administrative Agent and the Euro Issuing Lender and (iii) any Canadian Borrower may request the issuance of, and the Canadian Issuing Lender shall issue, Canadian Letters of Credit for the account of such Canadian Borrower or the account of any of its Subsidiaries, in a form reasonably acceptable to the Canadian Administrative Agent and the Canadian Issuing Lender. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by any Borrower to, or entered into by any Borrower with, any Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the applicable Borrower shall transmit by facsimile or by electronic communication to the Applicable Issuing Lender and the Applicable Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or

extend such Letter of Credit. If requested by such Issuing Lender, such Borrower also shall submit a letter of credit application on such Issuing Lender's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower to which such Letter of Credit shall be issued shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) in the case of a US Letter of Credit, the US LC Exposure shall not exceed $15,000,000 and the total US Credit Exposures shall not exceed the total US Commitments, (ii) in the case of a Euro Letter of Credit, the Euro LC Exposure shall not exceed €7,000,000 and the total Euro Credit Exposures shall not exceed the total Euro Commitments and (iii) in the case of a Canadian Letter of Credit, the Canadian LC Exposure shall not exceed C$500,000 and the total Canadian Credit Exposures shall not exceed the total Canadian Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to 5:00 p.m., Local Time, on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Termination Date; provided, however, that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (ii) above).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Lender or the Lenders, (i) the US Issuing Lender hereby grants to each US Lender, and each such Lender hereby acquires from the US Issuing Lender, a participation in such US Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit, (ii) the Euro Issuing Lender hereby grants to each Euro Lender, and each such Lender hereby acquires from the Euro Issuing Lender, a participation in such Euro Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit and (iii) the Canadian Issuing Lender hereby grants to each Canadian Lender, and each such Lender hereby acquires from the Canadian Issuing Lender, a participation in such Canadian Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Applicable Agent, for the account of the Applicable Issuing Lender, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Lender and not reimbursed by the relevant Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to such Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or an Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit for a Borrower's own account or the account of any of its Subsidiaries, such Borrower shall reimburse such LC Disbursement by paying to the Applicable Agent an amount

equal to such LC Disbursement not later than 1:00 p.m., Local Time, on the date that such LC Disbursement is made, if such Borrower shall have received notice of such LC Disbursement prior to 11:00 a.m., Local Time, on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 1:00 p.m., Local Time, on the Business Day immediately following the day that such Borrower receives such notice; provided that (i) in the case of a US LC Disbursement, if such LC Disbursement is not less than $1,000,000, the applicable US Borrower may, subject to the conditions to borrowing set forth herein, request, in accordance with Section 2.03 or Section 2.04, that such payment be financed with an ABR Borrowing or US Swingline Loan in an equivalent amount and, to the extent so financed, such US Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or US Swingline Loan, (ii) in the case of a Euro LC Disbursement, if such LC Disbursement is not less than €250,000, the applicable Euro Borrower may, subject to the conditions to borrowing set forth herein, request, in accordance with Section 2.03 or Section 2.04, that such payment be financed with a Eurocurrency Borrowing or a Euro Swingline Loan in an equivalent amount and, to the extent so financed, such Euro Borrower's obligation to make such payment shall be discharged and replaced by the resulting Eurocurrency Borrowing or Euro Swingline

Loan and (iii) in the case of a Canadian LC Disbursement, if such LC Disbursement is not less that C$50,000, the applicable Canadian Borrower may, subject to the conditions to Borrowing set forth herein, request, in accordance with Section 2.03, that such payment be financed with a Canadian Prime Loan in an equivalent amount and, to the extent so financed, such Canadian Borrower's obligation to make such payment shall be discharged and replaced by the resulting Canadian Prime Loan. If such Borrower fails to make such payment when due, the Applicable Agent shall notify each appropriate Lender of the applicable LC Disbursement, the payment then due from such Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each such Lender shall pay to the Applicable Agent its Applicable Percentage of the payment then due from such Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to the payment obligations of such Lender), and the Applicable Agent shall promptly pay to the Applicable Issuing Lender the amounts so received by it from such Lenders. Promptly following receipt by the Applicable Agent of any payment from a Borrower pursuant to this paragraph, the Applicable Agent shall distribute such payment to the Applicable Issuing Lender or, to the extent that the Lenders have made payments pursuant to this paragraph to reimburse the Applicable Issuing Lender, then to such Lenders and the Applicable Issuing Lender as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Lender for any LC Disbursement (other than the funding of an ABR Loan, a Swingline Loan or a Canadian Prime Rate Loan, as contemplated above) shall not constitute a Loan and shall not relieve such Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. Each Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Lender under a Letter of Credit against presentation of a draft or other document that

does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' Obligations hereunder. Neither the Agents, the Lenders nor the Issuing Lenders, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Applicable Issuing Lender; provided that the foregoing shall not be construed to excuse any Issuing Lender from liability to any Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable Law) suffered by such Borrower that are caused by the Applicable Issuing Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Lender (as finally determined by a court of competent jurisdiction), each Issuing Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Applicable Issuing Lender shall promptly notify the Applicable Agent and the relevant Borrower by telephone (confirmed by facsimile or electronic communication) in the case of the US Issuing Lender or by facsimile or electronic communication in the case of the Euro Issuing Lender or the Canadian Issuing Lender, in each case, of such demand for payment and whether the Applicable Issuing Lender has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse the Applicable Issuing Lender and the relevant Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Lender shall make any LC Disbursement, then, unless the relevant Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Borrower reimburses such LC Disbursement, (i) in the case of a US LC Disbursement, at the rate per annum then applicable to ABR Loans, (ii) the case of a Euro LC Disbursement, at the rate per annum then applicable to Euro Swingline Loans and (iii) in the case of a Canadian LC Disbursement, at the rate per annum then applicable to Canadian Prime Loans; provided that, if the relevant Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph

(e) of this Section, then Section 2.12(g) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Applicable Issuing Lender, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Applicable Issuing Lender shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Lender. Any Issuing Lender may be replaced at any time by written agreement among the Parent, the US Administrative Agent, the replaced Issuing Lender and the successor Issuing Lender (unless such replaced Issuing Lender is then a Defaulting Lender in which case the replaced Issuing Lender's consent is not necessary). The US Administrative Agent shall notify the Lenders of any such replacement of an Issuing Lender. At the time any such replacement shall become effective, the Parent shall pay all unpaid fees accrued for the account of the replaced Issuing Lender pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of the Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Lender" shall be deemed to refer to such successor or to any previous Issuing Lender, or to such successor and all previous Issuing Lenders, as the context shall require. After the replacement of an Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Parent receives notice from the US Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, the Lenders with LC Exposure representing greater than 50% of the total LC Exposure demanding the deposit of cash collateral pursuant to this paragraph), (i) the US Borrowers shall deposit in an account with the US Administrative Agent, in the name of the US Administrative Agent and for the benefit of the Lenders, an amount in cash in Dollars equal to the total US LC Exposure as of such date plus any accrued and unpaid interest thereon minus the amount on deposit in such account that has not been applied against the Obligations, (ii) the Euro Borrowers shall deposit in an account with the Euro Administrative Agent, in the name of the Euro Administrative Agent and for the benefit of the Lenders, an amount in cash in Euros equal to the total Euro LC Exposure as of such date plus any accrued and unpaid interest thereon minus the amount on deposit in such account that has not been applied against the Obligations and (iii) the Canadian Borrowers shall deposit in an account with the Canadian Administrative Agent, in the name of the Canadian Administrative Agent and for the benefit of the Lenders, an amount in cash in Canadian Dollars equal to the total Canadian LC Exposure as of such date plus any accrued and unpaid interest thereon minus the amount on deposit in such account that has not been applied against the Obligations; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Section 7.01. Each such deposit shall be held by the Applicable Agent as collateral for the payment and performance of the Obligations. The Applicable Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such accounts. Other than any interest earned on the investment of such deposits, which investments shall be

made at the option and discretion of the Applicable Agent (but, if so made, shall be limited to overnight bank loans or other investments denominated in the applicable currency generally comparable to those described in clauses (a) through (f) of Permitted Investments) and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Applicable Agent to reimburse the Applicable Issuing Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure, be applied to satisfy other obligations of the Borrowers under this Agreement. If the Borrowers are required to provide an amount of cash collateral hereunder, such amount (to the extent not applied as aforesaid) shall be returned to the Borrowers within three Business Days after all Events of Default have been cured or waived.

(k) Existing Letter of Credit. The Existing Letter of Credit shall be a Letter of Credit for all purposes hereunder.

Section 2.06 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds in the same currency as such Loan, to the account of the Applicable Agent most recently designated by it for such purpose by notice to each such Lender not later than (i) 1:00 p.m., Local Time, in the case of US Loans, (ii) 12:00 noon, Local Time, in the case of Euro Loans, and (iii) 2:00 p.m., Local Time, in the case of Canadian Loans; provided that all Swingline Loans shall be made as provided in Section 2.04(a). The Applicable Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to such account or accounts of the applicable Borrower designated by such Borrower in the applicable Borrowing Request; provided that (i) ABR Loans made to finance the reimbursement of a US LC Disbursement as provided in Section 2.05(e) shall be remitted by the US Administrative Agent to the US Issuing Lender, (ii) Euro Swingline Loans made to finance the reimbursement of a Euro LC Disbursement as provided in Section 2.05(e) shall be remitted by the Euro Administrative Agent to the Euro Issuing Lender and (iii) Canadian Prime Loans made to finance the reimbursement of a Canadian LC Disbursement as provided in Section 2.05(e) shall be remitted by the Canadian Administrative Agent to the Canadian Issuing Lender.

(b) Unless the Applicable Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Applicable Agent such Lender's share of such Borrowing, the Applicable Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Applicable Agent, then such Lender and the applicable Borrower severally agree to pay to the Applicable Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Applicable Agent at (i) in the case of a US Lender, the greater of the Federal Funds Effective Rate and a rate determined by the US

Administrative Agent in accordance with banking industry rules on interbank compensation, (ii) in the case of a US Borrower, the interest rate applicable to ABR Loans, (iii) in the case of a Euro Lender, the Eurocurrency Rate, (iv) in the case of a Euro Borrower, the interest rate applicable to Eurodollar Loans, (v) in the case of a Canadian Lender, a rate determined by the Canadian Administrative Agent in accordance with banking industry rules on interbank compensation and (vi) in the case of a Canadian Borrower, the interest rate applicable to Canadian Prime Loans. If such Lender pays such amount to the Applicable Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, a Eurocurrency Borrowing and a CDOR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, (i) with respect to Borrowings under the US Commitment, a US Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, (ii) with respect to a Eurocurrency Borrowing, a Euro Borrower may elect Interest Periods therefor and (iii) with respect to a Borrowings under the Canadian Commitment, a Canadian Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a CDOR Borrowing, may elect Interest Periods therefor, in each case, as provided in this Section. Each Borrower may elect different options with respect to different portions of its affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Loans, which may not be converted or continued.

(b) To make an election pursuant to this Section, the applicable Borrower shall notify the Applicable Agent of such election in the manner and by the time that a Borrowing Request would be required to be delivered under Section 2.03 if such Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each Interest Election Request shall be irrevocable and, if delivered by telephone, shall be confirmed promptly by facsimile transmission or electronic communication to the Applicable Agent of a written Interest Election Request in a form approved by the Applicable Agent and signed by the applicable Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing, a Eurodollar Borrowing, a Eurocurrency Borrowing, a Canadian Prime Borrowing or a CDOR Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, a Eurocurrency Borrowing or a CDOR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing, a Eurocurrency Borrowing or a CDOR Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Applicable Agent shall advise each affected Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing, a Eurocurrency Borrowing or a CDOR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to (i) an ABR Borrowing in the case of a Eurodollar Borrowing, (ii) a Eurocurrency Borrowing with an Interest Period of one month's duration in the case of a Eurocurrency Borrowing and (iii) a Canadian Prime Borrowing in the case of a CDOR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the US Administrative Agent, at the request of the Required Lenders, so notifies the Parent, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto, (iii) no outstanding Canadian Borrowing may be converted or continued as a CDOR Borrowing and (iv) unless repaid, each CDOR Borrowing shall be converted as a Canadian Prime Borrowing at the end of the Interest Period applicable thereto.

Section 2.08 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Termination Date.

(b) The Parent may at any time terminate or from time to time reduce the Commitments of any Class;provided that (i) each reduction of the US Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000 and the Parent shall not terminate or reduce the US Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the total US Credit Exposures would exceed the total US Commitments, (ii) each reduction of the Euro Commitments shall be in an amount that is an integral multiple of €1,000,000 and not less than €2,000,000 and the Parent shall not terminate or reduce the Euro Commitments if, after giving effect to any concurrent prepayment of Loans in accordance with Section 2.10, the total Euro Credit Exposures would exceed the total Euro Commitments and (iii) each reduction of the Canadian Commitments shall

be in an amount that is an integral multiple of C$100,000 and not less than C$100,000 and the Parent shall not terminate or reduce the Canadian Commitments if, after giving effect to any concurrent prepayment of Loans in accordance with Section 2.10, the total Canadian Credit Exposures would exceed the total Canadian Commitments.

(c) The Parent shall notify the US Administrative Agent of any election to terminate or reduce the Commitments of any Class under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the US Administrative Agent shall advise the Applicable Agent if the US Administrative Agent shall not be the Applicable Agent and the Lenders with the Commitment to be reduced or terminated of the contents thereof. Each notice delivered by the Parent pursuant to this Section shall be irrevocable. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09 Repayment of Loans; Evidence of Debt

(a) Each US Borrower hereby unconditionally promises to pay (i) to the US Administrative Agent for the account of each US Lender the then unpaid principal amount of each US Loan (other than US Swingline Loans) on the Termination Date and (ii) to the US Swingline Lender the then unpaid principal amount of each US Swingline Loan on the earliest of (A) the date that is fourteen (14) days after the date such Swingline Loan was made and (B) the Termination Date; provided that on each date that a US Borrowing (other than a US Swingline Loan) is made, the applicable US Borrowers shall repay all US Swingline Loans then outstanding. Each Euro Borrower hereby unconditionally promises to pay (i) to the Euro Administrative Agent for the account of each Euro Lender the then unpaid principal amount of each Euro Loan (other than Euro Swingline Loans) on the Termination Date and (ii) to the Euro Swingline Lender the then unpaid principal amount of each Euro Swingline Loan on the earliest of (A) the date that is fourteen (14) days after the date such Swingline Loan was made and (B) the Termination Date; provided that on each date that a Euro Borrowing (other than a Euro Swingline Loan) is made, the applicable Euro Borrowers shall repay all Euro Swingline Loans then outstanding. Each Canadian Borrower hereby unconditionally promises to pay to the Canadian Administrative Agent for the account of each Canadian Lender the then unpaid principal amount of each Canadian Loan on the Termination Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The US Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made under the US Commitments, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the US Borrowers to each US Lender hereunder and (iii) the amount of any sum received by the US Administrative Agent hereunder for the account of the US Lenders and each such Lender's share thereof.

(d) The Euro Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made under the Euro Commitments and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Euro Borrowers to each Euro Lender and (iii) the amount of any sum received by the Euro Administrative Agent hereunder for the account of the Euro Lenders and each such Lender's share thereof.

(e) The Canadian Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made under the Canadian Commitments, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Canadian Borrowers to each Canadian Lender and (iii) the amount of any sum received by the Canadian Administrative Agent hereunder for the account of the Canadian Lenders and each such Lender's share thereof.

(f) The entries made in the accounts maintained pursuant to paragraph (b), (c), (d) or (e) of this Section shall be*prima facie* evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or any of the Agents to maintain such accounts or any error therein shall not in any manner affect the obligation of each Borrower to repay the respective Loans made to it in accordance with the terms of this Agreement.

(g) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Applicable Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.10 Prepayment of Loans.

(a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing selected by it in whole or in part, without penalty or

premium (other than breakage costs and similar expenses, if any, due under Section 2.15), subject to prior notice in accordance with paragraph (c) of this Section.

(b) If at any time the total US Credit Exposures exceed the total US Commitments, the US Borrowers shall (i) prepay US Borrowings in an aggregate amount equal to such excess and (ii) if any excess remains after prepaying all of the US Borrowings as a result of US LC Exposure, pay to the US Administrative Agent on behalf of the US Lenders an amount in cash in Dollars equal to such excess to be held as cash collateral as provided in Section 2.05(j). If at any time the total Euro Credit Exposures exceed the total Euro Commitments, the Euro Borrowers shall (i) prepay Euro Borrowings in an aggregate amount equal to such excess and (ii) if any excess remains after prepaying all of the Euro Borrowings as a result of Euro LC Exposure, pay to the Euro Administrative Agent on behalf of the Euro Lenders an amount in cash in Euros equal to such excess to be held as cash collateral as provided in Section 2.05(j). If at any time the total Canadian Credit Exposures exceed the total Canadian Commitments, the Canadian

Borrowers shall (i) prepay Canadian Borrowings in an aggregate amount equal to such excess and (ii) if any excess remains after prepaying all of the Canadian Borrowings as a result of Canadian LC Exposure, pay to the Canadian Administrative Agent on behalf of the Canadian Lenders an amount in cash in Canadian Dollars equal to such excess to be held as cash collateral as provided in Section 2.05(j).

(c) The applicable Borrower shall notify the Applicable Agent (and, in the case of prepayment of a Swingline Loan, the applicable Swingline Lender) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, by telephone (confirmed by facsimile or electronic communication) not later than 12:00 noon, Local Time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, by telephone (confirmed by facsimile or electronic communication) not later than 12:00 noon, Local Time, one (1) Business Day before the date of prepayment, (iii) in the case of prepayment of a Eurocurrency Loan, by facsimile or electronic communication not later than 11:00 a.m., Local Time, three (3) Business Days before the date of prepayment, (iv) in the case of repayment of a CDOR Loan, by facsimile or electronic communication not later than 12:00 noon, Local Time, three (3) Business Days before the date of prepayment, (v) in the case of repayment of a Canadian Prime Loan by facsimile or electronic communication, not later than 12:00 noon, Local Time, one (1) Business Day before the date of prepayment, (vi) in the case of prepayment of a US Swingline Loan, by telephone (confirmed by facsimile or electronic communication), not later than 1:00 p.m., Local Time, on the date of prepayment and (vii) in the case of prepayment of a Euro Swingline Loan, by facsimile or electronic communication, not later than 1:00 p.m., Local Time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Promptly following receipt of any such notice relating to a Borrowing (other than a Swingline Loan), the Applicable Agent shall advise the relevant Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Class and Type as provided in Section 2.02. Prepayments shall be accompanied by accrued interest to the extent required bySection 2.12.

Section 2.11 Fees.

(a) The US Borrowers shall pay to the US Administrative Agent for the account of each US Lender a commitment fee, which shall accrue at the Commitment Fee Rate on the daily amount of the unused US Commitment of such US Lender during the period from and including the Effective Date to but excluding the date on which such US Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the US Commitments terminate, commencing on the first such date to occur after the Effective Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of calculating the unused US Commitment of each US Lender, US Swingline Loans made or deemed made or attributable to such Lender shall not count as usage.

(b) The US Borrowers shall pay (i) to the US Administrative Agent for the account of each US Lender a participation fee with respect to its participations in US Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable

to Eurodollar Loans on the average daily amount of such Lender's US LC Exposure (excluding any portion thereof attributable to unreimbursed US LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's US Commitment terminates and the date on which it ceases to have any US LC Exposure and (ii) to the US Issuing Lender a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the US LC Exposure (excluding any portion thereof attributable to unreimbursed US LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the US Commitments and the date on which there ceases to be any US LC Exposure, but in no event less than $500 during such period as well as the US Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any US Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day of such months, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the US Commitments terminate and any such fees accruing after the date on which the US Commitments terminate shall be payable on demand. Any other fees payable to the US Issuing Lender pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Euro Borrowers shall pay to the Euro Administrative Agent for the account of each Euro Lender a commitment fee, which shall accrue at the Commitment Fee Rate on the daily amount of the unused Euro Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Euro Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Euro Commitments terminate, commencing on the first such date to occur after the Effective Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of calculating the unused Euro Commitment of each Euro Lender, Euro Swingline Loans made or deemed made or attributable to such Lender shall not count as usage.

(d) The Euro Borrowers shall pay (i) to the Euro Administrative Agent for the account of each Euro Lender a participation fee with respect to its participations in Euro Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Eurocurrency Loans on the average daily amount of such Lender's Euro LC Exposure (excluding any portion thereof attributable to unreimbursed Euro LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Euro Commitment terminates and the date on which it ceases to have any Euro LC Exposure and (ii) to the Euro Issuing Lender a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the Euro LC Exposure (excluding any portion thereof attributable to unreimbursed Euro LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Euro Commitments and the date on which there ceases to be any Euro LC Exposure, but in no event less than $500 during such period as well as the Euro Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of

drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day of such months, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Euro Commitments terminate and any such fees accruing after the date on which the Euro Commitments terminate shall be payable on

demand. Any other fees payable to the Euro Issuing Lender pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(e) The Canadian Borrowers shall pay to the Canadian Administrative Agent for the account of each Canadian Lender a commitment fee, which shall accrue at the Commitment Fee Rate on the daily amount of the unused Canadian Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Canadian Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Canadian Commitments terminate, commencing on the first such date to occur after the Effective Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(f) The Canadian Borrowers shall pay (i) to the Canadian Administrative Agent for the account of each Canadian Lender a participation fee with respect to its participations in Canadian Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to CDOR Loans on the average daily amount of such Lender's Canadian LC Exposure (excluding any portion thereof attributable to unreimbursed Canadian LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Canadian Commitment terminates and the date on which it ceases to have any Canadian LC Exposure and (ii) to the Canadian Issuing Lender a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the Canadian LC Exposure (excluding any portion thereof attributable to unreimbursed Canadian LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Canadian Commitments and the date on which there ceases to be any Canadian LC Exposure, but in no event less than C$500 during such period as well as the Canadian Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Canadian Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day of such months, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Canadian Commitments terminate and any such fees accruing after the date on which the Canadian Commitments terminate shall be payable on demand. Any other fees payable to the Canadian Issuing Lender pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(g) The Parent shall pay to the each Agent, as applicable, for its own account, fees payable by it in the amounts and at the times specified in the Fee Letter, or otherwise separately agreed upon, between the Parent and the Agents.

(h) All fees payable hereunder to the Agents or the Issuing Lenders shall be paid on the dates due, in immediately available funds, in Dollars, in the case of fees payable under (a) and (b) above, in Euros in the case of fees payable under (c) and (d) above and in Canadian Dollars in the case of fees payable under (e) and (f) above, in each case, to the Applicable Agent (or to the Applicable Issuing Lender, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the applicable Lenders. Fees payable under this Section 2.11 shall not be past due if paid within five (5) Business Days after receipt of a statement by the Parent from the Applicable Agent or the Applicable Issuing Lender, or the US Administrative Agent on its own behalf or on the behalf of any other Agent or any Issuing Lender, setting forth the amount of such fees. Fees paid shall not be refundable under any circumstances absent manifest error.

Section 2.12 Interest.

(a) The Loans comprising each ABR Borrowing (including each US Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Eurocurrency Rate plus the Applicable Margin, plus the Mandatory Cost, if any.

(d) The Loans comprising each Canadian Prime Borrowing shall bear interest at the Canadian Prime Rate plus the Applicable Margin.

(e) The Loans comprising each CDOR Borrowing shall bear interest at the Canadian Dealer Offered Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(f) Each Euro Swingline Loan shall bear interest at the Euro Swingline Rate.

(g) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, such overdue amount shall bear interest at the Default Rate.

(h) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Loans of any Class (other than Swingline Loans), upon termination of the Commitments of such Class; provided that (i) interest accrued pursuant to paragraph (e) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan or Canadian Prime Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the

event of any conversion of any Eurodollar Loan or CDOR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(i) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to (i) the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate, (ii) the Canadian Dealer Offered Rate or (iii) the Canadian Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate, LIBO Rate, Eurocurrency Rate, Canadian Prime Rate or Canadian Offered Rate shall be determined by the Applicable Agent and such determination shall be conclusive absent manifest error.

Section 2.13 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing, Eurocurrency Borrowing or CDOR Borrowing:

(a) the Applicable Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the LIBO Rate, the Eurocurrency Rate or the Canadian Dealer Offered Rate, as applicable, for such Interest Period; or

(b) in the case of Eurodollar Borrowings only, the US Administrative Agent is advised by the Lenders having US Credit Exposure and unused US Commitments representing more than 50% of the sum of the total US Credit Exposures and such unused US Commitments at such time that the Adjusted LIBO Rate or the

LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Applicable Agent shall give notice thereof to the Parent and the applicable Lenders by telephone, facsimile or electronic communication as promptly as practicable thereafter and, until the Applicable Agent notifies the Parent and such Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing, (iii) if any Borrowing Request requests a Eurocurrency Borrowing, such request shall be deemed to be withdrawn and (iv) if any Borrowing Request requests a CDOR Borrowing, such Borrowing shall be made as a Canadian Prime Borrowing.

Section 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charges or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate or the Mandatory Cost) or any Issuing Lender;

(ii) impose on any such Lender or Issuing Lender or the London interbank market or the European Union banking market any other condition affecting this Agreement or Eurodollar Loans, Eurocurrency Loans or CDOR Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost (other than with respect to Taxes, which shall be governed solely bySection 2.16) to such Lender of making or maintaining any Eurodollar Loan, Eurocurrency Loan or CDOR Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Lender of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Lender hereunder (whether of principal, interest or otherwise), then the Parent will pay to any such Lender or Issuing Lender such additional amount or amounts as will compensate such Lender or Issuing Lender for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy), then from time to time the Parent will pay to any such Lender or Issuing Lender such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or Issuing Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section (subject to paragraph (e) of this Section) shall be delivered to the Parent and shall be conclusive absent manifest error. The Parent shall pay any such Lender or Issuing Lender the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation; provided that the Parent shall not be required to compensate a Lender or an Issuing Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Lender notifies the Parent of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Lender's intention to claim compensation therefor; provided, further,

that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof; provided, further, that no Lender shall seek compensation from the Parent unless such Lender is actively seeking compensation from other similarly situated borrowers as well.

(e) Notwithstanding anything to the contrary under paragraphs (a) and (b) of this Section, neither paragraph (a) nor (b) of this Section shall apply to the extent the amount or amounts necessary to compensate such Lender or Issuing Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section, is (i) attributable to the gross negligence of a Lender or its Affiliate that results in its failing to comply with any Law, (ii) attributable to any deduction or withholding for or on account of Tax from a payment under any Loan Document required by law to be made by any Obligor, (iii) any Tax or amount relating to Taxes or (iv) compensated for by the payment of Mandatory Cost.

Section 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan, Eurocurrency Loan or CDOR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan or CDOR Loan other than on the last day of the Interest Period applicable thereto or (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan, Eurocurrency Loan or CDOR Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, the applicable Borrowers shall compensate each affected Lender for the loss, cost and expense (other than any lost profit or margin) attributable to such event. In the case of a Eurodollar Loan, Eurocurrency Loan or CDOR Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) its costs of obtaining funds for the Loan being paid, prepaid or converted or not borrowed based on the Adjusted LIBO Rate, the Eurocurrency Rate or the Canadian Dealer Offered Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would realize by such Lender in reemploying during such period the funds so paid, prepaid, converted or not borrowed. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Parent and shall be conclusive absent manifest error. The Parent shall pay any such Lender the amount shown as due on any such certificate within 10 Business Days after receipt thereof. The Parent shall not be obligated to compensate a Lender pursuant to this Section for any amount relating to any such event occurring more than 180 days prior to the date such Lender notifies the Parent of such Lender's intention to claim compensation therefor

Section 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of any Borrower hereunder shall be made free and clear of and without deduction for any

Indemnified Taxes or Other Taxes; provided that if such Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums

payable under this Section) the Agents, any Lender or any Issuing Lender (as applicable) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(b) In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) The Borrowers shall indemnify the Agents, each Lender and each Issuing Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Agents, such Lender or such Issuing Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrowers hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.16) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that no Euro Borrower shall have any liability under this Section 2.16(c) with respect to Indemnified Taxes or Other Taxes attributable to any Loan made to or other Obligation of any US Borrower. A certificate as to the amount of such payment or liability delivered to the Borrower by such Lender or such Issuing Lender, or by an Agent on its own behalf or on behalf of such Lender or Issuing Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the relevant Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the relevant Agent.

(e) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Parent and the US Administrative Agent, at the time such Person becomes a party to this Agreement and at such time or times reasonably requested by the Parent or the US Administrative Agent, such properly completed and executed documentation prescribed by applicable Law or reasonably requested by the Parent or the US Administrative Agent as will permit such payments to be made without withholdings or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Parent or the US Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Parent or the US Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Parent and the US Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent or the US Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Parent and the US Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent or the US Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the Untied States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction or, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI certifying that it is entitled to receive all payments under the Loan Documents without deduction or withholding in respect of U.S. federal withholding Tax;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that (A) such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (B) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Foreign Lender (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), executed originals of IRS Form W-8IMY, accompanied by a Form W-8ECI,

W-8BEN, U.S. Tax Compliance Certificate, Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such beneficial owner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Parent and the US Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Parent or the US Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Parent or the US Administrative Agent to determine the withholding or deduction required to be made; and

(D) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Parent and the US Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent or the US Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Parent or the US Administrative Agent as may be necessary for the Parent and the US Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Parent and the US Administrative Agent in writing of its legal inability to do so.

(f) If any Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or other amounts as to which it has been indemnified by the Borrowers or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.16, it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.16 with respect to the Taxes or other amounts giving rise to such refund), net of all reasonable and documented out-of-pocket expenses of such Agent or Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Borrower, upon the request of such Agent or Lender, agrees to repay the amount paid over to such

Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or Lender after receipt of written notice that such Agent or Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require any Agent or Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Borrower or any other Person.

(g) For purposes of this Section 2.16, references to a Lender shall include each Agent and each Issuing Lender.

Section 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs; Sharing of Collateral Proceeds and Payments After Default

(a) Each US Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of US LC Disbursements, or of amounts payable under Section 2.14, Section 2.15 or Section 2.16, or otherwise) prior to 1:00 p.m., Local Time, on the date when due, in immediately available funds, in Dollars, without set-off or counterclaim. Each Euro Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of Euro LC Disbursements, or of amounts payable under Section 2.14, Section 2.15 or Section 2.16, or otherwise) prior to 1:00 p.m., Local Time, on the date when due, in immediately available funds, in Euros, without set-off or counterclaim. Each Canadian Borrower shall make each payment to be made by it hereunder (whether of principal, interest, fees or reimbursement of Canadian LC Disbursements, or of amounts payable under Section 2.14, Section 2.15 or Section 2.16, or otherwise) prior to 1:00 p.m., Local Time, on the date when due, in immediately available funds, in Canadian Dollars, without set-off or counterclaim. Any amounts received after such times on any date may, in the discretion of the Applicable Agent be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Applicable Agent at such account as the Applicable Agent shall from time to time specify in a notice delivered to the applicable Borrowers, except payments to be made directly to an Issuing Lender or a Swingline Lender as expressly provided herein and except that payments pursuant to Section 2.14, Section 2.15, Section 2.16 and Section 10.03 shall be made directly to the Persons entitled thereto. Each Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. The Euro Administrative Agent and the Canadian Administrative Agent shall notify the US Administrative Agent of payments received by them from time to time.

(b) If at any time insufficient funds are received by and available to the Applicable Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal or unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto

in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Subject to the provisions of Section 2.17(d), if any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and, in the case of a US Lender or a Euro Lender, US Swingline Loans or Euro Swingline Loans, as applicable, of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by (i) the US Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective US Loans and participations in US LC Disbursements and US Swingline Loans, (ii) the Euro Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Euro Loans and participations in Euro LC Disbursements and Euro Swingline Loans and (iii) the Canadian Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Canadian Loans and participations in Canadian LC Disbursements; provided that (x) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (y) the provisions of this paragraph shall not be construed to apply to any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or Participant, other than to the Parent, any Subsidiary of the Parent or any Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Following acceleration of the Loans pursuant to this Agreement, if at any time any payment on any of the Loans or any receipt of proceeds from any Collateral results in the US Lenders, the Euro Lenders or the Canadian Lenders receiving payments or proceeds in excess of their Class Percentage (defined below) of all such payments or proceeds received, such Lenders will deliver any excess to the US Administrative Agent and the US Administrative Agent shall redistribute such excess to the extent required such that the US Lenders, the Euro Lenders and the Canadian Lenders shall receive their Class Percentage of such payment or proceeds. All payments to the US Administrative Agent shall be made in Dollars. As used herein, the term "Class Percentage" for each Class of the Lenders shall mean the percentage, expressed as a decimal and determined by dividing the total Obligations, including obligations under Swap Agreements with such Lenders, outstanding for each Class of the Lenders by the aggregate total Obligations, including obligations under Swap Agreements with all Lenders, outstanding after giving effect to such payment or receipt of proceeds, all as calculated by the US Administrative Agent whose calculation shall be conclusive absent manifest error. For purposes of calculating

the Class Percentage, all payments, proceeds and Loan amounts shall be deemed to be in Dollars, with any necessary conversions being made at the rates determined by the US Administrative Agent. For purposes of determining the amount of any payment to be made to the US Administrative Agent in Dollars under this paragraph from any Euro Lender or Canadian Lender, the amount in Dollars payable in respect of any Eurocurrency Loan, CDOR Loan or Canadian Prime Loan shall be converted to Dollars at the rates determined by the US Administrative Agent.

(e) Unless the Applicable Agent shall have received notice from relevant Borrower or Borrowers prior to the date on which any payment is due to the Applicable Agent for the account of the applicable Class of Lenders or applicable Issuing Lenders hereunder that such Borrower or Borrowers will not make such payment, the Applicable Agent may assume that such Borrower has, or such Borrowers have, made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the relevant Lenders or Issuing Lender, as applicable, the amount due. In such event, if such Borrower has, or such Borrowers have, not in fact made such payment, then each of the Lenders and the Issuing lender that has received such amounts, as applicable, severally agrees to repay to the Applicable Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Applicable Agent at the greater of (i) (A) the Federal Funds Effective Rate with respect to amounts paid on the US Loans, (B) the Eurocurrency Rate with respect to amounts paid on the Euro Loans and (C) the Canadian Dealer Offered Rate with respect to amounts paid on the Canadian Loans and (ii) a rate determined by the Applicable Agents accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it pursuant toSection 2.04(a) or Section 2.05(d) or Section 2.05(e), Section 2.06(b), Section 2.17(e) or Section 10.03(c), then the Applicable Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by it for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14 or Section 2.16, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall cooperate in completing any procedural formalities required for each of the Borrowers to be able to make payments under the Loan Documents without any deduction or withholding in respect of Indemnified Taxes or Other Taxes and shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or Section 2.16, as applicable, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Parent shall pay all reasonable costs and expenses incurred by any Lender or Issuing Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.14 or Section 2.16, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, (ii) any Lender is a Defaulting Lender, or (iii) any Lender refuses to consent to an amendment, modification, waiver or consent of this Agreement that requires consent of 100% of the Lenders pursuant to Section 10.02(b) and the consent of the Required Lenders shall have been obtained, then the Parent may, at its sole expense and effort, upon notice to such Lender and the US Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Parent shall have received the prior written consent of each Agent which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, as applicable, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, as applicable, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Parent (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant toSection 2.16, such assignment will or is expected to result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Parent to require such assignment and delegation cease to apply.

Section 2.19 Increase in the Commitments.

(a) If no Default, Event of Default or Material Adverse Effect shall have occurred and be continuing, the Parent may at any time and from time to time during the Availability Period request one or more increases of the Commitments, if any, by notice to the US Administrative Agent in writing of the amount of such proposed increase (such notice, a "Commitment Increase Notice"); provided, however, that (i) the Commitment of any Lender may not be increased without such Lender's consent, (ii) the minimum amount of any such increase shall be $5,000,000, €3,000,000 or C$1,000,000, as applicable, and (iii) the aggregate amount of increases in the Commitments shall not exceed $15,000,000, or the equivalent thereof as determined by the US Administrative Agent. Notwithstanding the foregoing, no such increase shall cause the total Canadian Commitment to exceed C$3,000,000.

(b) Any such Commitment Increase Notice must offer each Lender (other than a Defaulting Lender) the opportunity to subscribe for its pro rata share of the requested increase in the Commitments, and the US Administrative Agent shall promptly provide to each Lender a copy of any Commitment Increase Notice received by the US Administrative Agent. Within fifteen (15) Business Days after receipt by the US Administrative Agent of the applicable Commitment Increase Notice, each Lender that is not a Defaulting Lender wishing to subscribe for its pro rata share of the requested increase in the Commitments must deliver written notice of such fact to the US Administrative Agent. If any portion of the requested increase in the Commitments is not subscribed for by the Lenders within such 15 Business Day period, the Parent may, in its sole discretion, but with the consent of the US Administrative Agent as to any Person that is not at such time a Lender (which consent shall not be unreasonably withheld,

delayed or conditioned), offer to any existing Lender that is not a Defaulting Lender or to one or more additional banks or financial institutions the opportunity to participate in all or a portion of such unsubscribed portion of the increased Commitments pursuant to paragraph (c) or (d) below, as applicable, by notifying the US Administrative Agent. Promptly and in any event within five (5) Business Days after receipt of notice from the Parent of its desire to offer such unsubscribed commitments to certain existing Lenders, to the additional banks or financial institutions identified therein or to such existing Lenders, additional banks or financial institutions as may be identified by the US Administrative Agent and approved by the Parent, the US Administrative Agent shall notify such proposed lenders of the opportunity to participate in all or a portion of such unsubscribed portion of the increased Commitments.

(c) Any additional bank or financial institution that is not a Lender that the Parent selects to offer participation in the increased Commitments shall notify the US Administrative Agent of its agreement to participate in the increased Commitments within five (5) Business Days of the date the US Administrative Agent's notice described in (b) above is sent and shall execute and deliver to the US Administrative Agent a New Lender Agreement setting forth its Commitment, and upon the effectiveness of such New Lender Agreement such bank or financial institution (a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and the signature pages hereof shall be deemed to be amended to add the name of such New Lender and Schedule 2.01 and the definition of Commitment and US Commitment, Euro Commitment or Canadian Commitment, as applicable, in Section 1.01 hereof shall be deemed amended to increase the aggregate Commitments of the Lenders by the Commitment of such New Lender, provided that the Commitment of any New

Lender shall be an amount not less than $5,000,000, €3,000,000 or C$1,000,000, as applicable. Each New Lender Agreement shall be irrevocable and shall be effective upon notice thereof by the US Administrative Agent at the same time as that of all other New Lenders or increasing Lenders.

(d) Any Lender that accepts an offer to it by the Parent to increase its Commitment pursuant to this Section 2.19 shall, in each case, execute a Commitment Increase Agreement with the Parent and the US Administrative Agent, whereupon such Lender shall be bound by and entitled to the benefits of this Agreement with respect to the full amount of its Commitment as so increased, and Schedule 2.01 and the definition of Commitment and US Commitment, Euro Commitment or Canadian Commitment, as applicable, in Section 1.01 hereof shall be deemed to be amended to reflect such increase. Any Commitment Increase Agreement shall be irrevocable and shall be effective upon notice thereof by the US Administrative Agent at the same time as that of all other New Lenders and increasing Lenders.

(e) In addition to the requirements described above in paragraphs (a) through (d), the effectiveness of any New Lender Agreement or Commitment Increase Agreement shall be contingent upon receipt by the US Administrative Agent of corporate resolutions of the Parent and the applicable Borrowers authorizing such increase. Once a New Lender Agreement or Commitment Increase Agreement becomes effective, the appropriate Agent shall reflect the increases in the Commitments effected by such agreements by appropriate entries in the Register.

(f) If any bank or financial institution becomes a New Lender pursuant to Section 2.19(c) or any Lender's Commitment is increased pursuant to Section 2.19(d), additional Loans

made on or after the effectiveness thereof (the "Re-Allocation Date") shall be made pro rata based on their respective Commitments in effect on or after such Re-Allocation Date (except to the extent that any such pro rata borrowings would result in any Lender making an aggregate principal amount of Loans in excess of its Commitment, in which case such excess amount will be allocated to, and made by, such New Lender and/or Lenders with such increased Commitments to the extent of, and pro rata based on, their respective Commitments), and continuations of Loans outstanding on such Re-Allocation Date shall be effected by repayment of such Loans on the last day of the Interest Period applicable thereto or, in the case of an ABR Loan or a Canadian Prime Loan, on the date of such increase, and the making of new Loans of the same Type pro rata based on the respective Commitments in effect on and after such Re-Allocation Date.

(g) If on any Re-Allocation Date there is an unpaid principal amount of Eurodollar Loans, Eurocurrency Loans or CDOR Loans, such Eurodollar Loans, Eurocurrency Loans or CDOR Loans shall remain outstanding with the respective holders thereof until the expiration of their respective Interest Periods (unless the relevant Borrower elects to prepay any thereof in accordance with the applicable provisions of this Agreement), and interest on and repayments of such Eurodollar Loans, Eurocurrency Loans and CDOR Loans will be paid thereon to the respective Lenders holding such Eurodollar Loans, Eurocurrency Loans and CDOR Loans pro rata based on the respective principal amounts thereof outstanding.

(h) Upon the effectiveness of any Commitment Increase Agreement, Schedule 2.01 and other pertinent sections hereof shall be automatically and proportionately modified to reflect the increased Commitment, the exact figures to be agreed between the Parent and the US Administrative Agent, and all references to the Commitments shall be deemed amended *mutatis mutandis*.

Section 2.20 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.11(a), (c) and/or (e), as applicable;

(b) the right of such Defaulting Lender to approve or disapprove any amendment, waiver or consent with respect this Agreement shall be limited as set forth in Section 10.02(b);

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) (A) all or any part of the US Swingline Exposure and US LC Exposure of such Defaulting Lender, if any, shall be reallocated among the non-Defaulting US Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting US Lenders' US Credit Exposures plus such Defaulting Lender's US Swingline Exposure and US LC Exposure does not exceed the total of all non-Defaulting US Lenders' US Commitments; (B) all or any part of the Euro Swingline Exposure and Euro LC Exposure of such Defaulting Lender, if any, shall be reallocated among the non-Defaulting Euro Lenders in

accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Euro Lenders' Euro Credit Exposures plus such Defaulting Lender's Euro Swingline Exposure and Euro LC Exposure does not exceed the total of all non-Defaulting Euro Lenders' Euro Commitments; and (C) all or any part of the Canadian LC Exposure of such Defaulting Lender, if any, shall be reallocated among the non-Defaulting Canadian Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Canadian Lenders' Canadian Credit Exposures plus such Defaulting Lender's Canadian LC Exposure does not exceed the total of all non-Defaulting Canadian Lenders' Canadian Commitments; provided that each such reallocation shall be given effect only if, at the date the applicable Lender became a Defaulting Lender, no Default or Event of Default exists;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Parent shall within one Business Day following notice by the US Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of each Issuing Lender only the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding;

(iii) if the Parent cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.11(b), (d) and/or (f), as applicable, with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.11(a) through (f), as applicable, shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Lender or any other Lender hereunder, all facility fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.11(b), (d) and/or (f), as applicable, with respect to such Defaulting Lender's LC Exposure shall be payable to the relevant Issuing Lenders until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, (A) the US Swingline Lender shall not be required to fund any US Swingline Loan and the US Issuing Lender shall not be required to issue, amend or increase any US Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding

US LC Exposure will be 100% covered by the US Commitments of the non-Defaulting US Lenders and/or cash collateral will be provided by the Parent in accordance with Section 2.20(c), and participating interests in any newly made US Swingline Loan or any newly issued or increased US Letter of Credit shall be allocated among non-Defaulting US Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting

Lender shall not participate therein); (B) the Euro Swingline Lender shall not be required to fund any Euro Swingline Loan and the Euro Issuing Lender shall not be required to issue, amend or increase any Euro Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Euro LC Exposure will be 100% covered by the Euro Commitments of the non-Defaulting Euro Lenders and/or cash collateral will be provided by the Parent in accordance with Section 2.20(c), and participating interests in any newly made Euro Swingline Loan or any newly issued or increased Euro Letter of Credit shall be allocated among non-Defaulting Euro Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein); and (C) the Canadian Issuing Lender shall not be required to issue, amend or increase any Canadian Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Canadian LC Exposure will be 100% covered by the Canadian Commitments of the non-Defaulting Canadian Lenders and/or cash collateral will be provided by the Parent in accordance with Section 2.20(c), and participating interests in any newly issued or increased Canadian Letter of Credit shall be allocated among non-Defaulting Canadian Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Lender Parent shall occur following the Effective Date and for so long as such event shall continue or (ii) any Swingline Lender or Issuing Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, such Swingline Lender shall not be required to fund any Swingline Loan and such Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless such Swingline Lender or such Issuing Bank, as the case may be, shall have entered into arrangements with the Parent or such Lender, satisfactory to such Swingline Lender or Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the US Administrative Agent, the Parent, the Swingline Lenders and the Issuing Lenders each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the US Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III

Representations and Warranties

The Borrowers for themselves and their respective Subsidiaries represent and warrant to the Agents and the Lenders that:

Section 3.01 Organization. Except as set forth on Schedule 3.01, each Obligor and its respective Subsidiaries (with respect to any Foreign Obligor or Foreign Subsidiary, only to the extent applicable) (i) is duly organized, validly existing and, with respect to each Obligor other than any Foreign Subsidiary, in good standing under the Laws of the jurisdiction of its organization, (ii) has the requisite power and authority to conduct its business as it is presently

being conducted, and (iii) is duly qualified or licensed to conduct business and is in good standing in each jurisdiction where such qualification or good standing is required, except where the failure to so qualify or be in good standing could not reasonably be expected to result in a Material Adverse Effect.

Section 3.02 Authority Relative to this Agreement. Each Obligor has the power and authority to execute and deliver this Agreement and the other Loan Documents to which it is a party and to perform its obligations hereunder and thereunder. The Transactions have been duly authorized by all necessary corporate or other entity action, as applicable, on the part of each Obligor that is a party hereto or thereto. This Agreement and the other Loan Documents have been duly and validly executed and delivered by each Obligor party hereto or thereto and constitute the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding at Law or in equity).

Section 3.03 No Violation. Except as set forth on Schedule 3.03, the Transactions will not:

(a) result in a breach of the articles or certificate of incorporation, bylaws, partnership agreement, limited liability company agreement or other organization documents, as applicable, of any Obligor or any of its respective Subsidiaries;

(b) result in the imposition of any Lien on any asset of any Obligor or any of its respective Subsidiaries (including the Equity Interests of any of the Subsidiaries of the Borrowers), other than the Liens created under the Loan Documents;

(c) result in, or constitute an event that, with the passage of time or giving of notice or both, would be, a breach, violation or default (or give rise to any right of termination, cancellation, prepayment or acceleration) under (i) any agreement to which any Obligor or any of its respective Subsidiaries is a party, under which any Obligor or any of its respective Subsidiaries has or may acquire rights or obligations or by which its respective properties or assets may be bound or (ii) any Governmental Approval held by, or required for the conduct of the business of, any Obligor or any of its respective Subsidiaries, in each case of (i) and (ii) above, where such breach, violation or default could reasonably be expected to result in a Material Adverse Effect;

(d) require any Obligor or any of its respective Subsidiaries to obtain any consent, waiver, approval, exemption, authorization or other action of, or make any filing with or give any notice to, any Person except (i) such as have been obtained or made and are in full force and effect or waived, (ii) filings necessary to perfect or assign Liens created under the Loan Documents or (iii) filing of this Agreement and one or more other Loan Documents with the Securities and Exchange Commission on the appropriate form; or

(e) violate any Law or Order applicable to any Obligor or any of its respective Subsidiaries or by which any of their respective properties or assets may be bound, where such violation could reasonably be expected to result in a Material Adverse Effect.

Section 3.04 Financial Statements. The Parent has previously furnished to the US Administrative Agent the following financial statements (collectively, the "Financial Statements"): (i) the audited consolidated balance sheet of the Parent as of December 31, 2010, and the related consolidated statements of operations, stockholders' equity and cash flows for the fiscal year then ended, the notes accompanying such Financial Statements, and the report of Ernst & Young LLP, independent certified public accountants, and (ii) the unaudited consolidated balance sheet of the Parent as of September 30, 2011, and the related statements of operations, stockholders'

equity and cash flows for the period then ended. The Financial Statements fairly present in all material respects the consolidated financial position of the Parent as of their respective dates and the consolidated results of operations and cash flows of the Parent for the periods ended on such dates in accordance with GAAP, subject, in the case of interim financial statements, to absence of footnotes and year-end audit adjustments (the effect of which will not, individually or in the aggregate, have a Material Adverse Effect). Since December 31, 2010, there has been no material adverse change in the Parent's consolidated financial position that could reasonably be expected to result in a Material Adverse Effect.

Section 3.05 No Undisclosed Liabilities. Except as set forth in Schedule 3.05, none of the Obligors or any of their respective Subsidiaries has any liabilities or obligations of any nature (whether known or unknown, and whether absolute, accrued, contingent or otherwise) except for (i) liabilities or obligations reflected or reserved against in the financial statements most recently delivered by the Parent pursuant to Section 4.01(g) or Section 5.01, as applicable, (ii) current liabilities or obligations incurred in the ordinary course of business since the date of such financial statements, (iii) liabilities or obligations that are not required to be included in financial statements prepared in accordance with GAAP, (iv) liabilities or obligations arising under Governmental Approvals or contracts to which any Obligor or any of its respective Subsidiaries is a party or otherwise subject, (v) liabilities or obligations that could not reasonably be expected to result in a Material Adverse Effect and (vi) other Permitted Indebtedness.

Section 3.06 Litigation. Schedule 3.06 briefly describes each action, suit or proceeding pending before any Governmental Authority or arbitration panel, or to the knowledge of the Borrowers, threatened, (i) which seeks to prevent, enjoin or delay any of the Transactions, or (ii) against any Obligor or any of its respective Subsidiaries regarding the business of, or assets owned or used by, any of them as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.07 Compliance with Law. Except as set forth on Schedule 3.07, (i) each Obligor and its respective Subsidiaries is in compliance with each Law that is applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets, except where the failure to be in compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; and (ii) none of the Obligors or any of their respective Subsidiaries has received any notice of, nor does any Borrower have

knowledge of, the assertion by any Governmental Authority or other Person of any such failure to be in compliance.

Section 3.08 Material Contracts. Schedule 3.08 lists as of the Effective Date each Material Contract to which any Obligor or any of its respective Subsidiaries is a party. Except as set forth in Schedule 3.08, (i) none of the Borrowers is aware of any pending or threatened termination or cancellation of any of Material Contract or any notice of any assertion by any party thereto of any material default thereunder, (ii) none of the Obligors or any of their respective Subsidiaries nor, to the knowledge of any of the Borrowers, any other party to a Material Contract is in default of any material obligation thereunder, and (iii) no other event has occurred and no other condition exists that, with notice or lapse of time or both, would constitute a default by any Obligor or any of its respect Subsidiaries or, to any of the Borrowers' knowledge, any other party under any Material Contract, in each case of (i), (ii) and (iii) above, which could reasonably be expected to result in a Material Adverse Effect.

Section 3.09 Properties. Schedule 3.09 lists as of the Effective Date each interest in (i) real property owned by the Parent and (ii) real property leased or otherwise occupied or used by the Parent as a lessee or licensee. Each of the Obligors and its respective Subsidiaries owns (with good and marketable title in the case of real property, subject only to the matters permitted by the following sentence), or has valid leasehold interests or licenses in, all the properties and assets (whether real, personal, or mixed and whether tangible or intangible) material to its respective businesses. All such properties and assets are free and clear of all Liens, except Permitted Liens, and are not, in the case of real property, subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature. All such properties (i) are in good operating order, condition and repair (ordinary wear and tear excepted), as applicable, and (ii) constitute all of the property that is required for the respective business and operations of the Obligors and their respective Subsidiaries as presently conducted.

Section 3.10 Intellectual Property.

(a) Schedule 3.10 lists as of the Effective Date all material patents, patent applications, registered trademarks, trademark applications, registered trade names, registered service marks, and registered copyrights (the "Intellectual Property") owned by or licensed to the Parent or any of its Domestic Subsidiaries. As of the Effective Date, none of the Intellectual Property owned by or licensed to any Obligor or its respective Subsidiaries has been declared invalid or is the subject of a pending or, to the knowledge of the Borrowers, threatened action for cancellation or a declaration of invalidity, and there is no pending judicial proceeding involving any claim, and none of the Obligors or any of their respective Subsidiaries has received any written notice or claim of any infringement, misuse or misappropriation by any Obligor or any of its respective Subsidiaries of any Intellectual Property right owned by any third party, in each case except for any such declaration, cancellation, proceeding, infringement, misuse or misappropriation which could not reasonable be expected to result in a Material Adverse Effect.

(b) To the Borrowers' knowledge, except as set forth in Schedule 3.10, the conduct by any of the Obligors or any of their respective Subsidiaries of their respective businesses as presently conducted does not conflict with, infringe on, or otherwise violate any copyright, trade

secret, or patent rights of any Person, except where such conflict, infringement or violation could not reasonably be expected to have a Material Adverse Effect.

Section 3.11 Taxes. All Tax returns and reports of any of the Obligors and their respective Subsidiaries required to be filed by any of them have been timely filed, and all Taxes shown on such Tax returns and reports to be due and payable and all assessments, fees and other governmental charges upon any of them and upon any of their respective properties, assets, income, businesses and franchises that are due and payable have been paid when due and payable except to the extent being actively contested by any of them in good faith and by appropriate proceedings or, with respect to any Subsidiary that is not a Wholly Owned Subsidiary, except to the extent any failure to so file and pay would not result in a Material Adverse Effect; provided that such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefore. As of the Effective Date, no Borrower knows of any proposed Tax assessment against any of the Obligors or any of their respective Subsidiaries that is not being actively contested by any of them in good faith and by appropriate proceedings; provided that such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor, which assessment could reasonably be expected to result in a Material Adverse Effect.

Section 3.12 Environmental Compliance. In each case, except to the extent such condition or event, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and except as set forth in Schedule 3.12,

(a) none of the Obligors or any of their respective Subsidiaries has failed to comply with any Environmental Law or to obtain, maintain or comply with any Governmental Approval required under any Environmental Law or has become subject to any Environmental Liability;

(b) none of the Obligors or any of their respective Subsidiaries has received any notice of any claim with respect to any such Environmental Liability and the Parent does not know of any basis for any such Environmental Liability;

(c) none of the Obligors or any of their respective Subsidiaries has arranged for the disposal of Hazardous Material at a site listed for investigation or clean-up by any Governmental Authority or in violation of Law;

(d) there is no proceeding pending against any of the Obligors or any of their respective Subsidiaries by any Governmental Authority with respect to the presence on or release of any Hazardous Material from any real property or facility owned or operated at any time by any of them or otherwise used in connection with their respective businesses;

(e) the Parent has no knowledge that any Hazardous Material has been or is currently being generated, processed, stored or released (or is subject to a threatened Release) from, on or under any real property or facility owned or operated by any of the Obligors or any of their respective Subsidiaries, or otherwise used in connection with their respective businesses in a quantity or concentration that would require remedial action under any Environmental Law if reported to or discovered by the relevant Governmental Authority; and

(f) to the knowledge of the Parent, there has been no underground storage tank located at any facility owned or operated by any of the Obligors or any of their respective Subsidiaries at any time.

Section 3.13 Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against any of the Obligors or any of their respective Subsidiaries pending or, to the knowledge of the Borrowers, threatened. The hours worked by and payments made to employees of the Parent have not been in violation of the Fair Labor Standards Act or any other Law dealing with such matters. All payments due from any of the Obligors or any of their respective Subsidiaries, or for which any claim may be made against any of them, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of any of the Obligors or any of their respective Subsidiaries. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any of the Obligors or any of their respective Subsidiaries is bound.

Section 3.14 Investment and Holding Company Status. Neither the Parent nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 3.15 Insurance. As of the Effective Date, Schedule 3.15 lists all policies or binders of fire, liability, worker's compensation, vehicular or other insurance held by or for the benefit of the Parent (specifying the insurer, the policy number or covering note number with respect to binders). All insurance held by or for the benefit of the any of the Obligors or any of their respective Subsidiaries is in full force and effect, is with financially sound and reputable insurers and is in amounts and provides coverage that are reasonable and customary for Persons engaged in businesses similar to those conducted by any of the Obligors or any of their respective Subsidiaries.

Section 3.16 Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date, and immediately following the making of each Loan and after giving effect to the application of the proceeds of each Loan, (a) the fair market value of the assets of each Obligor will exceed its debts and liabilities; (b) the present fair saleable value of the property of each Obligor will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities; (c) each Obligor will be able to pay its debts and liabilities as they become absolute and mature; and (d) no Obligor will have unreasonably small capital with which to conduct its business as such business is now conducted and is proposed to be conducted following the Effective Date.

Section 3.17 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

Section 3.18 Disclosure. The Borrowers have disclosed to the Lenders all factual matters of which the senior executive officers of the Borrowers have actual knowledge (other than general industry and economic conditions and legal and regulatory requirements applicable to companies and businesses similar to the members generally), that, individually or in the

aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor the other reports, financial statements, certificates or other information furnished by or on behalf of any Obligor to the Agents or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contained, as of the date furnished, any material misstatement of fact or omitted to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being understood that no assurance has been given or will be given that any projected financial information and other projections and forward-looking information have been or will be achieved).

Section 3.19 Margin Stock. No part of any Borrowing or any Swingline Loan shall be used at any time, to purchase or carry margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying any margin stock. None of the Borrowers nor any of their Subsidiaries are engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying any such margin stock. No part of the proceeds of any Borrowing will be used for any purpose which violates, or which is inconsistent with, any regulations promulgated by the Board of Governors of the Federal Reserve System.

ARTICLE IV

Conditions

Section 4.01 Effective Date. The obligations of the Lenders to make Loans and of the Issuing Lenders to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The US Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the US Administrative Agent (which may include facsimile or email transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The US Administrative Agent (or its counsel) shall have received each of the Security Documents or ratification agreements with respect thereto from each applicable Obligor and same shall constitute satisfactory security documentation to create or maintain, as applicable, first priority security interests in the Collateral free and clear of all Liens, other than Permitted Liens, including, without limitation, (i) duly executed modifications to the Mortgages reflecting the Termination Date, as amended and restated by this Agreement, and (ii) a security and pledge agreement executed by DYNAenergetics Canada, in each case, in form and substance reasonably satisfactory to the US Administrative Agent;

(c) The US Administrative Agent shall have received such documents and certificates as the Agents or their counsel may reasonably request relating to the organization, existence and,

where applicable, good standing of each Obligor, the authorization of the Transactions, the authority of each natural Person executing any of the Loan Documents on behalf of any Obligor and any other legal matters relating to the Obligors, this Agreement or the Transactions, all in form and substance reasonably satisfactory to the US Administrative Agent and its counsel.

(d) Each Lender requesting a promissory note evidencing Loans made by such Lender shall have received from the applicable Borrower a promissory note payable to such Lender in a form approved by the US Administrative Agent in its sole discretion.

(e) The Agents shall have received all fees and other amounts due and payable on or prior to the Effective Date, and to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by any Borrower hereunder.

(f) All material governmental and third party approvals and permits necessary in connection with the Transactions and the continued operations of the Obligors shall have been obtained and be in full force and effect and copies thereof shall have been provided to the US Administrative Agent (or its counsel).

(g) The Lenders shall have received (i) audited consolidated financial statements of the Parent for the two most recent fiscal years of the Parent ended prior to the Effective Date and (ii) unaudited interim consolidated financial statements of the Parent for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this subsection (g) as to which such financial statements are available, in each case reasonably satisfactory to the US Administrative Agent.

(h) The US Administrative Agent shall have received a favorable written opinion (addressed to the Agents and the Lenders and dated the Effective Date) of (i) Holme Roberts & Owen LLP, counsel for the Borrowers, covering such matters as the US Administrative Agent shall reasonably request, (ii) Canadian counsel to DYNAenergetics Canada concerning the authority of DYNAenergetics Canada to enter into this Agreement and such other matters as the US Administrative Agent shall reasonably request, including, without limitation, the perfection of the Lien of the US Administrative Agent in substantially all of the assets of DYNAenergetics Canada and (iii) French, German and Luxembourg counsel to the Borrowers concerning the authority of the Euro Borrowers and Foreign Guarantors (other than DYNAenergetics Canada and Nitro Metall AB) to enter into the Transactions and such other matters as the US Administrative Agent shall reasonably request. The Borrowers hereby request such counsels to deliver such opinions.

(i) The US Administrative Agent shall have received reports of UCC, tax and judgment Lien searches or other similar searches conducted by a reputable search firm with respect to each Borrower and its respective Subsidiaries in each location requested by the US Administrative Agent and the information disclosed in such reports shall be satisfactory to the US Administrative Agent.

(j) The Lenders shall have received details of the legal and capital structure of the Borrowers which shall be reasonably satisfactory to the Lenders.

(k) All membership and stock certificates, if any, of each Subsidiary of the Parent described on Annex 3 to the Security Agreements will be delivered to US Administrative Agent together with, as appropriate, related stock and membership powers executed in blank by the relevant Obligor, to the extent such membership and stock certificates and related stock and membership powers were not previously delivered to the US Administrative Agent in connection with the Prior Agreement.

(l) The Administrative Agent shall have received the Phase I environmental reports and other environmental information in the possession of or available to the Parent and covering the Mortgaged Property, to the extent such reports and information were not previously delivered to the US Administrative Agent in connection with the Prior Agreement.

(m) The US Administrative Agent shall have received a binding commitment from First American Title Insurance Company to issue an endorsement to each mortgagee's policy of title insurance covering the Mortgaged Property stating that said company will not claim that its liability for the payment of any loss or damage under the terms and provisions of such policy has been waived or surrendered by the US Administrative Agent or reduced by said company by reason of the execution of the modification to the Mortgage insured by such policy and described above in paragraph (b).

(n) The US Administrative Agent shall have received evidence of insurance coverage of each Borrower and its Subsidiaries satisfying the requirements of Section 5.05(b); the US Administrative Agent shall have been named as an additional insured and as a mortgagee/loss payee on the liability and casualty insurance policies covering the Mortgaged Property.

(o) The US Administrative Agent shall have received all documents and other items that it may reasonably request relating to any other matters relevant hereto, all in form and substance reasonably satisfactory to the US Administrative Agent.

Section 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of each Issuing Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Obligor set forth in this Agreement or any other Loan Document shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit; provided, that to the extent any such representation and warranty was made as of a specific date, such representation and warranty shall be true and correct in all material respects as of such specific date.

(b) No Material Adverse Effect shall have occurred since the date of the most recent Borrowing.

(c) The Applicable Agent shall have received a request for a Borrowing as required by Section 2.03 or the Applicable Issuing Lender and the Applicable Agent shall have received a request for the issuance of a Letter of Credit as required by Section 2.05(b).

(d) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, no Default or Event of Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the relevant Obligors on the date thereof as to the matters specified in paragraphs (a) and (c) of this Section 4.02.

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed:

Section 5.01 Financial Statements and Other Information. The Parent will furnish to the US Administrative Agent:

(a) on or before the last day of the third month after the end of each fiscal year of the Parent, the audited consolidated balance sheet and related statements of operations, cash flows and shareholders' equity as of the end of and for such year of the Parent, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) on or before the 15th day of the second month after the end of the first three fiscal quarters of each fiscal year of the Parent, the consolidated balance sheet and related statements of operations, cash flows and shareholders' equity as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year for the Parent, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of the Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer substantially in the form attached hereto as Exhibit 5.01(c) (a "Compliance Certificate") (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.14 and Section 6.15 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the last audited financial statements

delivered pursuant to Section 5.01(a) and, if any such change has occurred, specifying the effect such change would have on the financial statements accompanying such certificate;

(d) promptly after the same become available, copies of all periodic and other reports, proxy statements and other materials filed by the Parent with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, as applicable;

(e) within 90 days following the commencement of each fiscal year, the Parent and its Subsidiaries operating and capital expenditure budgets and cash flow forecast for such fiscal year (which shall include a projected combined balance sheet summary for the Parent and its Subsidiaries of the last day of such fiscal year and the related projected statements of combined income and cash flows for such fiscal year);

(f) promptly upon receipt of any complaint, order, citation, notice or other written communication from any Person with respect to, or upon any Obligor's obtaining knowledge of, (i) the existence or alleged existence of a violation of any applicable Environmental Law or any Environmental Liability in connection with any property now or previously owned, leased or operated by the Borrowers or any of their Subsidiaries, (ii) any release of Hazardous Substances on such property or any part thereof in a quantity that is reportable under any applicable Environmental Law, and (iii) any pending or threatened proceeding for the termination, suspension or non-renewal of any permit required under any applicable Environmental Law, in each case of clauses (i), (ii) and (iii) above in which there is a reasonable likelihood of an adverse decision or determination that could reasonably be expected to result in a Material Adverse Effect, a certificate of an executive officer of the Parent, setting forth the details of such matter and the actions, if any, that such Obligor is required or proposes to take;

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrowers or any of their Subsidiaries, or compliance with the terms of this Agreement, as any Agent or Lender may reasonably request; and

(h) within 90 days after the end of each fiscal year, a report in form and substance reasonably satisfactory to the US Administrative Agent describing all material insurance coverage maintained by any of the Obligors or any of their respective Subsidiaries as of the date of such report.

Section 5.02 Notices of Material Events. The Parent will furnish to the US Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default and the action that the Obligors are taking or propose to take with respect thereto;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against any Obligor that could reasonably be expected to result in a Material Adverse Effect or that in any manner questions the validity of the Loan Documents;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Parent setting forth the details of the event or development requiring such notice and any action, if any, taken or proposed to be taken with respect thereto.

Section 5.03 Existence; Conduct of Business. Each Borrower will, and will cause each of its respective Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except to the extent failure to maintain or preserve could not reasonably be expected to result in a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.04.

Section 5.04 Payment of Obligations. Each Borrower will, and will cause each of its respective Subsidiaries to, pay when due its material obligations, including liabilities for Taxes, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) it has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.05 Maintenance of Properties; Insurance. Each Borrower will, and will cause each of its respective Subsidiaries to, (a) keep and maintain all property

material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

Section 5.06 Books and Records; Inspection Rights. Each Borrower will, and will cause each of its respective Subsidiaries to, keep proper books of record and account in which in all material respects full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each Borrower will, and will cause each of its respective Subsidiaries to, permit any representatives designated by the US Administrative Agent, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants (provided a representative of the Parent shall have the right to be present), all at such reasonable times and as often as reasonably requested;provided, that following the Effective Date and so long as no Event of Default has occurred and is continuing, the Parent shall only be required to reimburse the US Administrative Agent in accordance with Section 10.03 for the cost of one such inspection in any fiscal year.

Section 5.07 Compliance with Laws. Each Borrower will, and will cause each of its respective Subsidiaries to, comply with all Laws (including Environmental Laws) and Orders applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.08 Use of Proceeds and Letters of Credit. Each Borrower covenants and agrees that the proceeds of the Loans it receives will be used only to (i) refinance existing Indebtedness; (ii) pay the fees, expenses and other transaction costs of the Transactions; and (iii) fund working capital needs and general corporate purposes of such Borrower and its Subsidiaries. Each Borrower covenants and agrees that no part of the proceeds of any Loan it receives will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. Letters of Credit will be issued only to support the working capital needs and general corporate obligations of the applicable Borrower and its Subsidiaries relating to their respective lines of business as currently conducted.

Section 5.09 Additional Guarantees and Security Documents. If any additional Wholly Owned Subsidiary of the Parent is formed or acquired after the Effective Date, the Parent will promptly notify the US Administrative Agent thereof and

(a) if such Subsidiary is a Domestic Subsidiary, within 30 days after such Subsidiary is formed or acquired, the Parent shall cause (i) any such Domestic Subsidiary the assets of which are all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries to execute a Joinder Agreement for purposes of such Subsidiary becoming a US Guarantor under Section 9.01(a)(i) hereunder and a party to the relevant Security Documents, which Security Documents secure the Obligations of the Euro Borrowers and the Canadian Borrowers and deliver to the US Administrative Agent such other documents relating thereto as the US Administrative Agent shall reasonably request, (ii) any such Domestic Subsidiary the assets of which are not all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries to execute a Joinder Agreement for purposes of such Subsidiary becoming a US Guarantor under Section 9.01(a)(ii) hereunder and a party to the relevant Security Documents, which Security Documents secure the Obligations of the US Borrowers, the Euro Borrowers and the Canadian Borrowers and deliver to the US Administrative Agent such other documents relating thereto as the US Administrative Agent shall reasonably request, (iii) the Equity Interests issued by any such Subsidiary described in clause (a)(i) above representing 65% of the total combined voting power (within the meaning of Treasury Regulation Section 1.956-2(c)(2)) of all of the Equity Interests in such Subsidiary to be pledged to secure the Obligations of the US Borrowers, the Euro Borrowers and the Canadian Borrowers pursuant to the relevant Security Documents and (iv) all of the Equity Interests issued by any such Subsidiary described in clause (a)(ii) to be pledged to secure the Obligations of the US Borrowers, the Euro Borrowers and the Canadian Borrowers pursuant to the relevant Security Documents;

(b) if such Subsidiary is a Foreign Subsidiary that is owned by a Domestic Subsidiary or by the Parent, within 45 days after such Subsidiary is formed or acquired, the Parent shall cause (i) such Subsidiary to execute a Joinder Agreement for purposes of such Subsidiary becoming a Foreign Guarantor hereunder and deliver to the US Administrative Agent such other documents relating thereto as the US Administrative Agent shall reasonably request and (ii) the

Equity Interests issued by such Subsidiary representing 65% of the total combined voting power (within the meaning of Treasury Regulation Section 1.956-2(c)(2)) of all of the Equity Interests in such Subsidiary to be pledged to secure the Obligations of the US Borrowers pursuant to the relevant Security Documents; and

(c) if such Subsidiary is a Foreign Subsidiary owned by a Foreign Subsidiary, within 45 days after such Subsidiary is formed or acquired, such Foreign Subsidiary shall cause (i) such Subsidiary to execute a Joinder Agreement for purposes of such Subsidiary becoming a Foreign Guarantor hereunder and deliver to the US Administrative Agent such other documents relating thereto as the US Administrative Agent shall reasonably request and (ii) all of the Equity Interests issued by such Subsidiary to be pledged to secure the Obligations of the Euro Borrowers and the Canadian Borrowers pursuant to the relevant Security Documents.

(d) The intent of the parties under this Agreement is that no Foreign Subsidiary or Domestic Subsidiary all or substantially all of the assets of which consist of stock or securities in one or more Foreign Subsidiaries shall be treated as a pledgor or guarantor with respect to the Loans or any Obligations of the US Borrowers for purposes of Code Section 956(d) and Treasury Regulation Section 1.956-2(c), and that the provisions of this Agreement shall be interpreted in a manner consistent with that intent. Notwithstanding anything to the contrary herein or under any Loan Documents, no Foreign Subsidiary or Domestic Subsidiary the assets of which are all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries shall have any liability whatsoever in respect of any Obligations of the US Borrowers or any Domestic Subsidiary.

Section 5.10 Compliance with ERISA. In addition to and without limiting the generality of Section 5.07, to the extent applicable, the Parent shall, and shall cause each of its Subsidiaries to, (a) comply in all material respects with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all employee benefit plans (as defined in ERISA), (b) not take any action or fail to take action the result of which could be (i) a liability to the PBGC (other than liability for PBGC premiums) or (ii) a past due liability to any Multiemployer Plan, (c) not participate in any prohibited transaction that could result in any material civil penalty under ERISA or any tax under the Code, (d) operate each employee benefit plan in such a manner that will not incur any material tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code, in each case of clauses (a), (b), (c) and (d) above, except to the extent such failure to comply, such not taking such action, such failure to take such action, such not participating or such operating would not reasonably be expected to result in a Material Adverse Effect and (e) furnish to the US Administrative Agent upon the US Administrative Agent's request such additional information about any employee benefit plan as may be reasonably requested by the US Administrative Agent.

Section 5.11 Compliance with Environmental Laws; Environmental Reports.

(a) Each Borrower shall, and shall cause each of its respective Subsidiaries to, (i) comply, and use best efforts to cause all lessees and other persons occupying real property owned, operated or leased by any of them to comply, in all material respects with all Environmental Laws applicable to its operations and real property; (ii) obtain and renew all

material Governmental Approvals required under Environmental Laws applicable to its operations and real property; and conduct any Response in accordance with Environmental Laws; provided that no Borrower or any of its Subsidiaries shall be required to undertake any Response to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

(b) If a Default caused by reason of a breach of Section 3.12 or Section 5.11(a) shall have occurred and be continuing for more than 10 days without such Borrower or its Subsidiaries commencing activities reasonably likely to cure such Default, at the written request of the Required Lenders through the US Administrative Agent, the Parent shall provide to the Lenders within 30 days after such request, at the expense of the Parent, an environmental assessment report regarding the matters that are the subject of such Default, including where appropriate, any soil and/or groundwater sampling, prepared by an environmental consulting firm and in the form and substance reasonably acceptable to the US Administrative Agent and indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance or Response to address them.

Section 5.12 Maintain Business. Except as otherwise permitted hereunder, each Borrower shall, and shall cause each of its respective Subsidiaries to, continue to engage primarily in the business or businesses being conducted on the Effective Date and businesses reasonably related thereto and other reasonable expansions and extensions of such business or businesses.

Section 5.13 Further Assurances and New Intellectual Property. Each Obligor will, at its own cost and expense, execute, acknowledge and deliver all such further acts, documents and assurances as may from time to time be reasonably necessary or as any Agent or the Required Lenders may from time to time reasonably request in order to carry out the intent and purposes of the Loan Documents and the Transactions, including all such actions to establish, preserve, protect and perfect the estate, right, title and interest of the Lenders, or the Agents for the benefit of the Lenders, to the Collateral (including Collateral acquired after the Effective Date). If any material trademark, copyright or patent is acquired by the Parent, any other US Borrower or any US Guarantor after the Effective Date (other than trademarks, copyrights and patents constituting Collateral under the Security Documents that become subject to the Lien of the Security Documents upon acquisition thereof), the Parent shall promptly give notice to the US Administrative Agent thereof, and, shall cause such assets to be subjected to a Lien securing the Obligations of the US Borrowers and the Obligations of the Foreign Borrowers.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed:

Section 6.01 Indebtedness. No Borrower will, nor will permit any of its respective Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created hereunder or under any of the Loan Documents, including renewals, extensions, refinancings and replacements hereof or thereof;

(b) Indebtedness set forth in Schedule 6.01 and extensions, renewals, refinancings and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) Indebtedness of any Obligor or any of its respective Subsidiaries incurred to finance the acquisition, construction or improvement of any assets, including Capital Lease Obligations, and any Indebtedness assumed or that remains outstanding in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that the aggregate principal amount of Indebtedness permitted by this clause (c) shall not exceed $10,000,000 at any time outstanding;

(d) Indebtedness owed by any Obligor to any other Obligor and guarantees by any Obligor of the Indebtedness of any other Obligor;

(e) Indebtedness owed by any Obligor to any of the Subsidiaries of the Parent that is not an Obligor and guarantees by any Subsidiary of the Parent that is not an Obligor of any Indebtedness of any Obligor; provided that such Indebtedness is, and subrogation or reimbursement rights in respect of such guarantees are, subordinated in right of payment to the Obligations of such Obligor under the Loan Documents on terms reasonably acceptable to the US Administrative Agent;

(f) Indebtedness owed by any Subsidiary of any Obligor to any Obligor and guarantees by any Obligor of the Indebtedness of any such Subsidiary; provided that the principal amount of such Indebtedness and guarantees together with the principal amount of Indebtedness owed to any Obligor pursuant to Section 6.01(h) in the aggregate shall be limited to $10,000,000 at any time outstanding. Notwithstanding the foregoing, no additional such Indebtedness shall be incurred and no additional such guarantees shall be made during the continuance of an Event of Default;

(g) Indebtedness owed by any Subsidiary of any Obligor that is not an Obligor to any other Subsidiary that is not an Obligor and guarantees by any such Subsidiary of the Indebtedness of any other Subsidiary that is not an Obligor;

(h) Indebtedness of any Subsidiary of any Obligor to the holders (or their respective Affiliates) of the Equity Interests in such Subsidiary on a basis that is substantially proportionate to their Equity Interests (with any disproportionately large interest received by any Obligor or any of its respective Subsidiaries or any disproportionately small interest received by any Person other than such Obligor or any such Subsidiary, being ignored for this purpose); provided that the principal amount of such Indebtedness owed to any Obligor together with the principal amount of Indebtedness owed to any Obligor pursuant to Section 6.01(f) shall be limited to

$10,000,000 at any time outstanding. Notwithstanding the foregoing, no additional such Indebtedness shall be incurred during the continuance of an Event of Default;

(i) Indebtedness arising in connection with any Swap Agreement permitted by Section 6.06;

(j) Indebtedness in respect of deposits made by customers and held under forward purchasing arrangements entered into with customers in the ordinary course of business;

(k) Indebtedness in respect of performance, bid, surety, appeal or similar bonds or completion or performance guarantees provided in the ordinary course of business;

(l) Indebtedness in respect of workers' compensation claims or self-insurance obligations otherwise permitted hereunder, in each case incurred in the ordinary course of business;

(m) customary indemnification, reimbursement or similar obligations and warranties under leases and other contracts in the ordinary course of business;

(n) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within two Business Days after incurrence;

(o) Indebtedness constituting Investments permitted by Section 6.05;

(p) Indebtedness owed by any Obligor or any Subsidiary of any Obligor to any Lender or any Affiliate of any Lender in respect of loans in currencies other than US Dollars, Euros or Canadian Dollars and guarantees of any such Indebtedness by any Foreign Guarantor; provided that (i) the aggregate principal amount of Indebtedness permitted by this clause (p) shall not exceed the equivalent amount of $8,000,000 calculated as of the date such Indebtedness is incurred and (ii) such Lender or such Affiliate and the US Administrative Agent shall have entered into an intercreditor agreement in form and substance reasonably satisfactory to the US Administrative Agent;

(q) Indebtedness of any Foreign Subsidiary owing to Commerzbank Aktiengesellschaft in an aggregate principal amount not to exceed €4,000,000 at any time outstanding; and

(r) unsecured Indebtedness in the aggregate amount not in excess of $8,000,000 outstanding at any time.

Section 6.02 Liens. No Borrower will, nor will permit any of its respective Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) Liens created by the Security Documents;

(c) Liens to secure Swap Agreements with any of the Lenders or Affiliate thereof;

(d) Liens on any property or asset of any Borrower or any of its respective Subsidiaries existing on the Effective Date and set forth in Schedule 6.02; provided that (i) such Liens shall not apply to any other property or asset of any Borrower or any of such Subsidiaries and (ii) such Liens shall secure only those obligations which it secures on the Effective Date and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof;

(e) Liens on assets acquired, constructed or improved by any Borrower or any of its respective Subsidiaries; provided that (i) such Liens secure Indebtedness permitted by clause (c) of Section 6.01, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such assets and (iv) such Liens shall not apply to any other property or assets of any Borrower or any of its respective other Subsidiaries;

(f) Liens existing on any property or asset prior to the acquisition thereof by any Borrower or any of its respective Subsidiaries or existing on any property or asset of any Person that becomes a Subsidiary after the Effective Date prior to the time such Person becomes a Subsidiary; provided that (i) such Liens are not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as applicable, (ii) such Liens shall not apply to any other property or assets of any Borrower or any of its respective other Subsidiaries, (iii) such Liens shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as applicable, and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof and (iv) such Liens secure only Indebtedness permitted under Section 6.01(c);

(g) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off, netting or similar rights and remedies as to deposit, securities and commodities accounts;

(h) Liens of sellers of goods to any Borrower and any of its Subsidiaries arising under Article 2 of the Uniform Commercial Code or similar provisions of applicable law in the ordinary course of business solely in connection with the purchase of such goods;

(i) Liens in favor of customs and revenue authorities arising by operation of law to secure payment of customs duties in connection with the importation of goods;

(j) Liens deemed to exist in connection with investments in repurchase agreements described under clause (d) of the definition of Permitted Investments;

(k) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code as in effect in the applicable state or District of Columbia;

(l) Liens in favor of any Obligor securing Indebtedness permitted under Section 6.01(d) and Section 6.01(f); provided that any such Liens encumbering assets of an Obligor shall be subordinated in right of payment to the Obligations of such Obligor under the Loan Documents on terms reasonably acceptable to the US Administrative Agent;

(m) Liens arising out of conditional sale, title retention, consignment or similar arrangements, or by way of contract that secures Indebtedness under any agreement, for the sale of goods and services;

(n) Liens on the Collateral in favor of any Lender or any Affiliate of any Lender in respect of Indebtedness permitted under Section 6.01(p); provided that such Liens are *pari passu* with the Liens securing the Obligations and subject to the intercreditor agreement described above in Section 6.01(p);

(o) Liens on Equity Interests consisting of preferred equity certificates of Dynamic Materials Luxembourg 1 S.à r.l. and Dynamic Materials Luxembourg 2 S.à r.l. that (i) require a holder of common or ordinary shares of such issuers to hold such preferred equity certificates in a specified proportion, (ii) require a holder of such preferred equity certificates to hold common or ordinary shares of such issuers in a specified proportion, (iii) restrict transfers of such preferred equity certificates, common shares or ordinary shares of such issuers to transfers that result in compliance with the preceding clauses (i) and (ii) or (iv) permit such issuers to call or redeem such Equity Interests; and

(p) Liens on the assets of any Foreign Subsidiary securing Indebtedness permitted under Section 6.01(q), so long as such assets are not Collateral.

Section 6.03 Fundamental Changes. No Borrower will, nor will permit any of its respective Subsidiaries to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, the following shall be permitted if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing and, if such transaction involves the Parent, the Parent shall survive such transaction:

(a) any Subsidiary of the Parent may merge into or consolidate with another Subsidiary of the Parent and any Subsidiary of the Parent may merge into or consolidate with the Parent;

(b) any Subsidiary of the Parent may merge into or consolidate with any other Person so long as such Subsidiary is the surviving entity of such merger or consolidation to the extent permitted under Section 6.10;

(c) any Subsidiary of the Parent may liquidate or dissolve so long as an Obligor acquires all or substantially all of the assets of such Subsidiary in liquidation (or in the case such Subsidiary is not a Wholly Owned Subsidiary, such Obligor receives its *pro rata* share of such assets in liquidation); and

(d) any Obligor or any of its respective Subsidiaries may change its jurisdiction of organization subject to compliance with Section 6.11;

provided that, notwithstanding the foregoing, no Subsidiary that is not an Obligor may merge into or consolidate with any Obligor, unless, if at the time thereof and immediately after giving effect thereto, no Default has occurred and is continuing and such Obligor shall survive such transaction.

Section 6.04 Asset Sales. No Borrower will, nor will permit any of its respective Subsidiaries to, make or permit any Disposition (whether in one or a related series of transactions) of any property or assets (other than cash and cash equivalents) or enter into any agreement to do so, except:

(a) Dispositions of inventory in the ordinary course of business;

(b) Dispositions of assets, properties or businesses to any Borrower or any of its respective Wholly Owned Subsidiaries that are Obligors and Dispositions of assets, properties or businesses to any Subsidiary that is not an Obligor by any Subsidiary that is not an Obligor;

(c) Dispositions of equipment and other property which is obsolete, worn out or no longer used in or useful to such Person's business, all in the ordinary course of business;

(d) Dispositions occurring as the result of a casualty event, condemnation or expropriation;

(e) any Disposition (excluding any Disposition consisting of any Equity Interest in any of the Subsidiaries of the Parent) if (i) the consideration therefor is not less than the fair market value of the related asset (as determined in good faith by a Financial Officer) and (ii) after giving effect thereto, the aggregate fair market value of the assets as reasonably determined by the Parent disposed of in all Dispositions pursuant to this clause (e) would not exceed $5,000,000 during any fiscal year and $10,000,000 in the aggregate during the term hereof; provided that the consideration for any Disposition shall consist of at least 75% cash or cash equivalents payable at closing or notes, to the extent permitted under Section 6.05;

(f) Dispositions by any Domestic Subsidiary of its assets to another Domestic Subsidiary that is a Wholly Owned Subsidiary, and Dispositions by any Foreign Subsidiary of its assets to another Foreign Subsidiary that is a Wholly Owned Subsidiary;

(g) Dispositions of delinquent accounts receivable in the ordinary course of business for purposes of collection only (and not for the purpose of any bulk sale or securitization transaction);

(h) the surrender of contractual rights or the settlement, release or surrender of any contract, tort or other litigation claims in the ordinary course of business;

(i) the abandonment or Disposition of Intellectual Property or other proprietary rights that are, in the reasonable business judgment of the Parent, no longer practicable to maintain or useful in the conduct of the business of any Borrower or any of its Subsidiaries;

(j) Dispositions permitted by Section 6.03;

(k) Dispositions of Indebtedness from the Parent to a Subsidiary thereof that is an Obligor or from a Subsidiary of the Parent that is an Obligor to the Parent or another Subsidiary thereof that is an Obligor in exchange for, upon conversion for, or in contribution in respect of, Equity Interests in such Subsidiary of the Parent in connection with the capitalization or recapitalization from time to time of any such Subsidiary and Dispositions of Indebtedness from a Subsidiary that is not an Obligor to another Subsidiary that is not an Obligor in exchange for, upon conversion for, or contribution in respect of, Equity Interests in such Subsidiary that is not an Obligor in connection with the capitalization or recapitalization from time to time of any such Subsidiary;

(l) payment of Restricted Payments permitted by Section 6.07;

(m) Dispositions of Permitted Investments; and

(n) any agreement to do any of the foregoing matters described in clauses (a) through (m) of this Section.

Section 6.05 Investments. No Borrower will, and will permit any of its Subsidiaries to, make or permit to exist any Investment in any other Person, except:

(a) Permitted Investments;

(b) Investments listed on Schedule 6.05 and any extensions, renewals, replacements or refinancings thereof that do not increase the amount of such Investments;

(c) Investments and guarantees constituting Indebtedness permitted by Section 6.01(d) and Section 6.01(e);

(d) Investments permitted by Section 6.03 or Section 6.06;

(e) Business Acquisitions permitted by Section 6.10;

(f) Investments by any Obligor in any Subsidiary of the Parent that is not an Obligor and in any joint venture that is not, and will not become, a Subsidiary of the Parent, in each case, that is engaged or will be engaged in the same business as the Parent and its Subsidiaries and businesses reasonably related thereto and other reasonable expansions and extensions of such business and businesses; provided that the aggregate amount of all Investments permitted under this clause (f) shall be limited to $20,000,000 outstanding from time to time of which no more than $15,000,000 may be outstanding in any such joint ventures, in each case, measured in Dollars at the time made and net of any cash returned to any Obligor. For purposes of calculating the permitted Investments under this clause (f), any such Investments that are in the form of Indebtedness permitted under Section 6.01(f) and Section 6.01(h) shall be included in the Investments permitted under this clause (f), without duplication. Notwithstanding the foregoing, no additional Investments shall be made pursuant to this clause (f) during the continuance of an Event of Default;

(g) Investments by any Obligor in any other Obligor;

(h) Investments received in satisfaction of judgments, settlements of accounts, debts or compromises of obligations or as consideration for the settlement, release or surrender of a contract, tort or other litigation claims, in each case in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(i) prepaid expenses and advances in the ordinary course of business, and lease, utility, workers' compensation, performance and other similar deposits in the ordinary course of business;

(j) deposits of cash with banks or other financial institutions in the ordinary course of business so long as any such deposits by any US Borrower and any Domestic Subsidiary are subject to perfected Liens in favor of the US Administrative Agent;

(k) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the granting of trade credit in the ordinary course of business;

(l) Investments by any Subsidiary that is not a Obligor in, to, or for the benefit of any Subsidiary that is not an Obligor;

(m) Investments received as consideration from any Disposition permitted by Section 6.04; and

(n) other Investments not otherwise permitted by this Section 6.05 in aggregate amounts not in excess of $1,000,000 at any time outstanding.

Section 6.06 Swap Agreements. No Borrower will, nor will permit any of its Subsidiaries to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate raw material and supply cost risks or other risks to which any Borrower or any of its Subsidiaries has actual exposure; (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or Investment of any Borrower or any of its Subsidiaries; and (c) Swap Agreements to hedge foreign exchange rate risks to which any Borrower or any of its Subsidiaries has actual or reasonably anticipated exposure. No Swap Agreement may be secured by a Lien except as permitted by Section 6.02(c).

Section 6.07 Restricted Payments. No Borrower will, nor will permit any of its Subsidiaries to, declare or make, or agree to pay or make, any Restricted Payment, except:

(a) Restricted Payments by any Subsidiary of the Parent ratably with respect to the Equity Interests in such Subsidiary;

(b) Restricted Payments to any Obligor;

(c) Restricted Payments by the Parent pursuant to and in accordance with any stock option plans or other benefit plans for management (including non-employee directors) or

employees of the Parent or any of its Subsidiaries in an aggregate amount during any fiscal year not to exceed $5,000,000; and

(d) Restricted Payments during any fiscal year that do not exceed fifty percent (50%) of the sum of Net Income plus, to the extent deducted in the determination of such Net Income, non-cash, non-recurring asset impairment charges, including, without limitation, goodwill impairment charges, writedowns associated with asset sales and unrealized tax benefits (as determined by the Parent's auditors) as a result of any asset impairment charges; provided that for purposes of this clause (e) no Event of Default exists or is created thereby.

Section 6.08 Transactions with Affiliates. No Borrower will, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with any of its Affiliates, except:

(a) at prices and on terms and conditions not less favorable to such Borrower or such Subsidiary, as applicable, than could be obtained on an arm's-length basis from unrelated third parties;

(b) any transaction between or among any of the Obligors;

(c) transactions between or among any Subsidiary of the Parent that is not an Obligor and one or more other Subsidiaries of the Parent that are not Obligors;

(d) Indebtedness permitted by clauses (d) and (e) of Section 6.01;

(e) transactions permitted by Section 6.03;

(f) any transaction permitted by clauses (a) through (n) of Section 6.04;

(g) Investments permitted by Section 6.05;

(h) any Restricted Payment permitted by Section 6.07;

(i) the payment of reasonable fees, expenses and compensations to officers, directors, managers, employees and consultants of any Borrower or any of its Subsidiaries and customary indemnification and insurance arrangements in favor of any such officer, director, manager, employee or consultant, and any agreement related to any of the foregoing entered into in the ordinary course of business; and

(j) any agreements in existence on the Effective Date, as set forth on Schedule 6.08(j), as such agreements may be renewed, replaced or otherwise modified after the Effective Date upon terms which taken as a whole are not less favorable to the Parent and its Subsidiaries than the original terms of such agreements.

Section 6.09 Restrictive Agreements. No Borrower will, and will permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such

Borrower or such Subsidiary to create, incur or permit to exist any Lien upon any of its or their property or assets, or (b) the ability of any Obligor to pay dividends or other distributions with respect to any shares of its capital stock (to the extent the holder of such shares is another Obligor) or to make or repay loans or advances to such Obligor or to guarantee Indebtedness of such Obligor; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by Law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the Effective Date identified on Schedule 6.09 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of any Subsidiary of the Parent pending such sale, provided such restrictions and conditions apply only to the Subsidiary of the Parent that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

Section 6.10 Business Acquisitions. Except as otherwise permitted by Section 6.05, no Borrower will, nor will permit any of its respective Subsidiaries to, make any Business Acquisitions; provided that each Borrower and any of its respective Subsidiaries may make Business Acquisitions so long as (a) the sum of the aggregate cash consideration paid for Business Acquisitions in any trailing four-quarter period (excluding any amounts financed with new equity) shall not exceed $25,000,000 or the equivalent in such other currency used in connection with such Business Acquisition, and the total consideration paid for any one Business Acquisition (including any amounts financed with new equity) shall not exceed $50,000,000 or the equivalent in such other currency used in connection with such Business Acquisition (except as otherwise provided in clause (d) below); (b) the Leverage Ratio calculated on a pro forma basis for the most recently ended trailing four-quarter period for which financial statements are required to be delivered pursuant to Section 5.01(b) giving effect to any such Business Acquisition as if such Business Acquisition were consummated at the commencement of such four-quarter period shall not be greater than the maximum permitted Leverage Ratio as set forth in Section 6.15 at such time minus 0.25; (c) the acquired business or assets are in the same or similar line of business as any Borrower or any of its respective Subsidiaries or any business reasonably related thereto or any reasonable expansion or extension of any such business; (d) for any Business Acquisition with total consideration in excess of $50,000,000 or the equivalent in such other currency used in connection with such Business Acquisition, Borrower shall have received the written approval of the US Administrative Agent having received the written approval of the Required Lenders, which approval shall not be unreasonably withheld and, in connection therewith, the Borrower shall have given the US Administrative Agent and the Lenders at least ten (10) Business Days prior written notice of any such proposed Business Acquisition (each of such notices, a "Permitted Acquisition Notice"), which notice must be timely provided and must be accompanied by all of the information required in this Section 6.10 and shall (i) contain the estimated date such proposed Business Acquisition is scheduled to be consummated, (ii) attach a true and correct copy of the draft purchase agreement (if available), letter of intent, description of material terms or similar agreements executed by the parties thereto in connection with such proposed Business Acquisition, (iii) contain the estimated aggregate purchase price of such proposed Business Acquisition and the estimated amount of

related costs and expenses and the intended method of financing thereof, and (iv) contain the estimated amount of Loans required to effect such proposed Business Acquisition; (e) no Default shall exist before or immediately after giving effect to such Business Acquisition; (f) prior to the consummation of the proposed Business Acquisition with a total consideration paid therefor in excess of $10,000,000 or the equivalent in such other currency used in connection with such Business Acquisition the Parent shall furnish the US Administrative Agent an officer's certificate executed by a Financial Officer, certifying as to compliance with the requirements of the applicable preceding clauses (a) through (c) and (e), containing the calculations required in clause (b) above; (g) the consummation of each Business Acquisition shall be deemed to be a representation and warranty by the Parent that all conditions thereto under this Section 6.10 have been satisfied and that same is permitted in accordance with the terms of this Agreement, which representation and warranty shall be deemed to be a representation and warranty for all purposes hereunder; and (h) in the case of a Business Acquisition of the Equity Interests of a Person, such Person's board of directors (or similar governing body) shall have approved such Business Acquisition.

Section 6.11 Constituent Documents. No Obligor will amend its charter or by-laws or other constitutive documents in any manner which could adversely and materially affect the rights of the Lenders under this Agreement or their ability to enforce the same; provided however, any Obligor shall be permitted after the Effective Date to amend its constitutive documents for the purpose of changing its jurisdiction of organization so long as the US Administrative Agent is given 30 days' prior written notice of such change.

Section 6.12 Sales and Leasebacks. No Borrower shall, nor shall permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, that (i) any Borrower or any of its respective Subsidiaries has sold or transferred or is to sell or transfer to any other Person (other than any Borrower or any of its respective Subsidiaries) or (ii) any Borrower or any of its respective Subsidiaries intends to use for substantially the same purpose as any other property that has been or is to be sold or transferred by such Borrower or such Subsidiary to any Person (other than any other Borrower or any of other Subsidiaries of such Borrower) in connection with such lease; except for any such arrangement whereby any such sale or transfer of any assets that is made for cash consideration in an amount not less than the cost of such asset and is consummated within 180 days after such Borrower or such Subsidiary acquires or completes construction of such asset.

Section 6.13 Changes in Fiscal Year. The Parent shall not change the end of its fiscal year to a date other than December 31.

Section 6.14 Fixed Charge Coverage Ratio. The Parent shall not permit the Fixed Charge Coverage Ratio for any trailing four quarter period measured as of the last day of any fiscal quarter to be less than 2.0 to 1.0.

Section 6.15 Leverage Ratio. The Parent shall not permit the Leverage Ratio for any trailing four quarter period measured as of the last day of any fiscal quarter to exceed (i) 2.25 to 1.0 for the period from the Effective Date through December 31, 2013 and (ii) 2.0 to 1.0 thereafter.

ARTICLE VII

Events of Default and Remedies

Section 7.01 Events of Default. If any of the following events ("Events of Default") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursements when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Borrower shall fail to pay any interest on any Loan or any fee or other amount (other than an amount referred to in clause (a) of this Section 7.01) payable under this Agreement or the other Loan Documents in respect of any Loan when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Borrower or any of its respective Subsidiaries in or in connection with this Agreement or any Loan Document or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement, or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, shall prove to have been incorrect when made or deemed made;

(d) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, Section 5.03 (with respect to the Parent's existence) or Section 5.08 or in ARTICLE VI;

(e) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this ARTICLE VII) or in any other Loan Document, and such failure shall continue unremedied for a period of 30 days after notice of such failure from the US Administrative Agent to the Parent;

(f) any Borrower or any of their Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (in each case, after giving effect to any applicable grace or notice period) the holder or holders of such Material Indebtedness or any trustee or agent on its or their behalf to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Borrower or any of its

Subsidiaries or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any of its Subsidiaries or for a substantial part of its assets (individually, or in the aggregate), and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Borrower or any of its Subsidiaries, shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any of its Subsidiaries or for a substantial part of their (individually, or in the aggregate) assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Borrower or any Subsidiary shall become unable, admit in writing its inability, or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money that is not covered by insurance in an aggregate amount in excess of $2,000,000 shall be rendered against any Borrower or any of its respective Subsidiaries or any combination thereof and the same shall remain undischarged or unstayed for a period of 60 consecutive days during which execution shall not be effectively stayed, or any attachment or levy shall be entered upon any assets of such Borrower or Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a proceeding shall be commenced by any Obligor seeking to establish the invalidity or unenforceability of any Loan Document (exclusive of questions of interpretation thereof), or any Obligor shall repudiate or deny that it has any liability or obligation for the payment of principal or interest or other obligations purported to be created under any Loan Document;

(n) any Lien created by any of the Security Documents shall at any time fail to constitute a valid and (to the extent required by the Security Documents) perfected Lien on any material portion of the Collateral purported to be subject thereto, securing the obligations purported to be secured thereby, with the priority required by the Loan Documents, or any Obligor shall so assert in writing, in each case (i) other than as a result of action or inaction of the US Administrative Agent or any Lender, including the expiration of an UCC financing statements or other instruments necessary to perfect the US Administrative Agent's Lien in the Collateral or (ii) as a result of any Disposition of any Collateral permitted under the applicable Loan Documents or as otherwise permitted thereunder; or

(o) a Change in Control occurs;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Section 7.01), and at any time thereafter during the continuance of such event, the US Administrative Agent may, and at the request of the Required Lenders shall, by notice to the US Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each of them; and in case of any event described in clause (h) or (i) of this Section 7.01, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest notice of acceleration or the intent to accelerate or any other notice of any kind, all of which are hereby waived by each of them, and (iii) exercise any or all of the remedies available to it under any of the Loan Documents, at Law or in equity (including, without limitation, conducting a foreclosure sale of any of the Collateral).

Section 7.02 Cash Collateral. In addition to the remedies contained in Section 7.01, upon the occurrence and continuance of any Event of Default, the Agents shall have the remedies available to them under Section 2.05(j).

ARTICLE VIII

The Agents

Each Lender and each Issuing Lender hereby irrevocably appoints the US Administrative Agent, the Euro Administrative Agent and the Canadian Administrative Agent as its agents and authorizes each Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agents by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Each Lender serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Borrower or any Affiliate thereof as if it were not an Agent hereunder.

The Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except

discretionary rights and powers expressly contemplated hereby that the Agents required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth herein, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of their Subsidiaries that is communicated to or obtained by the Agents or any of their Affiliates in any capacity. The Agents shall not be liable for any action taken or not taken by them with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice thereof is given to the Agents by a Borrower or a Lender, and the Agents shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in ARTICLE IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agents.

The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agents also may rely upon any statement made to them orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agents may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Agents may perform any and all their duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Agents. The Agents and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agents and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agents.

In addition, each Lender and each Issuing Lender hereby indemnifies the Agents (to the extent not reimbursed by the Borrowers), ratably according to its respective pro rata share of the total of the Commitments, or if no Commitments are outstanding, the respective pro rata share of the total of the Commitments immediately prior to the time Commitments ceased to be outstanding held by each of them, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agents (or any of them) in any way relating to or arising out of this Agreement or any action taken or omitted by the Agents under this Agreement or the other Loan Documents (including any action taken or

omitted under ARTICLE II of this Agreement); provided that such indemnity shall not, as to any Agent, be available to the extent that such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulted from the gross negligence or willful misconduct of such Agent. Without limitation of the foregoing, each Lender and each Issuing Lender agrees to reimburse each of the Agents promptly upon demand for its respective pro rata share of the total of the Commitments of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agents (or any of them) in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, this Agreement or the other Loan Documents to the extent that such Agent is not reimbursed for such expenses by the Borrowers. The provisions of this section shall survive the termination of this Agreement and the payment of the Obligations.

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders, the Issuing Lenders and the Parent. Upon any such resignation, the Required Lenders shall have the right, with the approval of the Parent, which shall not be unreasonably withheld, conditioned or delayed, and shall not be required during the existence of an Event of Default, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Lenders, appoint a successor Agent which shall be a bank with an office in (a) New York, New York, if such successor bank is the US Administrative Agent, (b) London, England, if such successor bank is the Euro Administrative Agent or (c) Toronto, Canada, if such successor bank is the Canadian Administrative Agent, or, in each case, an Affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After an Agent's resignation hereunder, the provisions of this ARTICLE III and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

Guarantees

Section 9.01 The Guarantees. (a)(i) Each US Guarantor the assets of which are all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries hereby jointly, severally, unconditionally and irrevocably with every other such US Guarantor guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on the Euro Loans and the Canadian Loans, and the full and punctual payment of all other Obligations payable by the Euro Borrowers, the Canadian Borrowers and the Foreign Guarantors under the Loan Documents. Upon failure by any Euro Borrower, any Canadian Borrower or any Foreign Guarantor to pay punctually any such amount, each such US Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in this Agreement or the other Loan Documents.

(ii) Each US Guarantor the assets of which are not all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries hereby jointly, severally, unconditionally and irrevocably with every other such US Guarantor guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on the US Loans, the Euro Loans and the Canadian Loans, and the full and punctual payment of all other Obligations payable by the US Borrowers, the Euro Borrowers, the Canadian Borrowers, the Foreign Guarantors or any other US Guarantor under the Loan Documents. Upon failure by any US Borrower, any Euro Borrower, any Canadian Borrower, any Foreign Guarantor or any other US Guarantor to pay punctually any such amount, each such US Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in this Agreement or the other Loan Documents.

(iii) The Guarantee contained in clauses (i) and (ii) of this paragraph is a guaranty of payment and not of collection. The Lenders shall not be required to exhaust any right or remedy or take any action against any Borrower, any Guarantor or any other Person or any Collateral. Each US Guarantor agrees that, as between such US Guarantor and the Lenders, the Obligations of the US Borrowers, the Euro Borrowers, the Canadian Borrowers, the Foreign Guarantors and the other US Guarantors may be declared to be due and payable for the purposes of this Guarantee notwithstanding any stay, injunction or other prohibition which may prevent, delay or vitiate any declaration as regards the US Borrowers, the Euro Borrowers or the Canadian Borrowers and that in the event of a declaration or attempted declaration, the Obligations of the US Borrowers, the Euro Borrowers, the Canadian Borrowers, the Foreign Guarantors and the other US Guarantors shall immediately become due and payable by each US Guarantor for the purposes of this Guarantee.

(b) Each Foreign Guarantor hereby jointly, severally, unconditionally and irrevocably guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on the Euro Loans and the Canadian Loans, and the full and punctual payment of all other Obligations payable by the Euro Borrowers, the Canadian Borrowers or any other Foreign Guarantor under the Loan Documents. Upon failure by any Euro Borrower, any Canadian Borrower or any other Foreign Guarantor to pay punctually any

such amount, each Foreign Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in this Agreement or the other Loan Documents. This Guarantee is a guaranty of payment and not of collection. The Lenders shall not be required to exhaust any right or remedy or take any action against the Borrowers, the Guarantors, or any other Person or any Collateral. The Foreign Guarantors agree that, as between the Foreign Guarantors and the Lenders, the Obligations of the Euro Borrowers, the Canadian Borrowers and the other Foreign Guarantors may be declared to be due and payable for the purposes of this Guarantee notwithstanding any stay, injunction or other prohibition which may prevent, delay or vitiate any declaration as regards the Euro Borrowers or the Canadian Borrowers and that in the event of a declaration or attempted declaration, the Obligations of the Euro Borrowers and the Canadian Borrowers and the other Foreign Guarantors shall immediately become due and payable by each Foreign Guarantor for the purposes of this Guarantee.

Section 9.02 Guarantee Unconditional. The obligations of each of the Guarantors under this ARTICLE IX shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any Obligation of any of the Borrowers or any other Guarantor under the Loan Documents, by operation of law or otherwise;

(b) any modification, amendment or waiver of or supplement to the Loan Documents;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of any Borrowers or any other Guarantor under the Loan Documents;

(d) any change in the corporate existence, structure or ownership of any of the Borrowers or any other Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any of the Borrowers, any other Guarantor or their respective assets or any resulting release or discharge of any obligation of any of the Borrowers or any other Guarantor contained in the Loan Documents;

(e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any of the Borrowers, any other Guarantor, any of the Agents, any Lender or any other Person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against any of the Borrowers or any other Guarantor for any reason of the Loan Documents, or any provision of applicable law or regulation purporting to prohibit the payment by any of the Borrowers or any other Guarantor of the principal of or interest on any Loan or any other amount payable by any of the Borrowers or any other Guarantor under the Loan Documents; or

(g) any other act or omission or delay of any kind by any of the Borrowers, any other Guarantor, the Agents, any Lender or any other Person or any other circumstance whatsoever that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

Furthermore, notwithstanding that the Borrowers may not be obligated to the Agents and/or the Lenders for interest and/or attorneys' fees and expenses on, or in connection with, any Obligations from and after the Petition Date (as hereinafter defined) as a result of the provisions of the federal bankruptcy law or otherwise, Obligations for which the Guarantors shall be obligated shall include interest accruing on the Obligations at the Default Rate from and after the date on which such Borrower files for protection under the federal bankruptcy laws or from and after the date on which an involuntary proceeding is filed against such Borrower under the federal bankruptcy laws (herein collectively referred to as the "Petition Date") and all reasonable attorneys' fees and expenses incurred by the Agents and the Lenders from and after the Petition Date in connection with the Obligations.

Section 9.03 Discharge Only Upon Payment in Full; Reinstatement In Certain Circumstances The obligations of each of the Guarantors under this Article IX shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Loans and all other amounts payable by the Obligors under the Loan Documents shall have been paid in full. If at any time any payment of the principal of or interest on any Loan or any other amount payable by the Obligors under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Obligor or otherwise, the obligations of each of the Guarantors under this ARTICLE IX with respect to such payment shall be reinstated at such time as though such payment had been due but not

made at such time. The US Guarantors under Section 9.01(a)(i) jointly and severally agree to indemnify each Euro Lender and each Canadian Lender, the US Guarantors under Section 9.01(a)(ii) jointly and severally agree to indemnify each US Lender, each Euro Lender and each Canadian Lender and the Foreign Guarantors jointly and severally agree to indemnify each Euro Lender and each Canadian Lender on demand for all reasonable costs and expenses (including reasonable fees of counsel) incurred by such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law, other than any costs or expenses resulting from the bad faith or willful misconduct of such Lender.

Section 9.04 Waiver by Each Guarantor. Each Guarantor irrevocably waives acceptance hereof, diligence, presentment, demand, protest notice of acceleration or the intent to accelerate and any other notice not provided for in this ARTICLE IX, as well as any requirement that at any time any action be taken by any Person against the Borrowers or any other Guarantor or any other Person.

Section 9.05 Subrogation. Each US Guarantor under Section 9.01(a)(ii) shall be subrogated to all rights of the US Lenders, the US Administrative Agent and the holders of the US Loans against the US Borrowers; provided that such Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of and interest on the Loans and all other sums at any time payable by the Borrowers under the Loan Documents shall have been paid in full. Each US Guarantor under Section 9.01(a)(i) and each Foreign Guarantor shall be subrogated to all rights of the Euro Lenders, the Canadian Lenders, the Euro Administrative Agent, the Canadian Administrative Agent and the holders of the Euro Loans and the Canadian Loans against the Euro Borrowers and the Canadian Borrowers; provided that such Guarantor shall not be entitled to enforce or to

receive any payments arising out of or based upon such right of subrogation until the principal of and interest on the Loans and all other sums at any time payable by the Borrowers under the Loan Documents shall have been paid in full. If any amount is paid to any Guarantor on account of subrogation rights under these Guarantees at any time when all the Obligations have not been indefeasibly paid in full, the amount shall be held in trust for the benefit of the US Lenders, the Euro Lenders or the Canadian Lenders, as applicable, and shall be promptly paid to the Agents to be credited and applied to the Obligations, whether matured or unmatured or absolute or contingent, in accordance with the terms of this Agreement.

Section 9.06 Stay of Acceleration.

(a) If acceleration of the time for payment of any amount payable by any Obligor under the Loan Documents is stayed upon insolvency, bankruptcy or reorganization of any US Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by each US Guarantor under Section 9.01(a)(ii) for its respective Obligations as described in this ARTICLE IX promptly following demand by the US Administrative Agent made at the request of the requisite proportion of the Lenders specified in ARTICLE X of this Agreement.

(b) If acceleration of the time for payment of any amount payable by any Obligor under the Loan Documents is stayed upon insolvency, bankruptcy or reorganization of any Euro Borrower or any Canadian Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by each US Guarantor under Section 9.01(a)(i) and each Foreign Guarantor hereunder for its respective Obligations as described in this ARTICLE IX promptly following demand by the Euro Administrative Agent made at the request of the requisite proportion of the Lenders specified in ARTICLE X of this Agreement.

Section 9.07 Limit of Liability. Notwithstanding any other provision of this ARTICLE IX, the obligations of each of the Guarantors under this ARTICLE IX shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

Section 9.08 Release upon Sale. Upon any sale of any Guarantor permitted by this Agreement, and, if required hereunder, payment to the Agents, as applicable, for the pro rata benefit of the applicable Lenders, of the proceeds of such sale, such Guarantor shall (a) be released from its obligations as a Guarantor hereunder, (b) all Liens, if any, securing such Guarantee shall automatically be terminated and released and (c) the US Administrative Agent will, at the expense of said Guarantor, execute and deliver such documents as are reasonably necessary to evidence said releases and terminations, following written request from the applicable Borrower and receipt by the US Administrative Agent of a certificate from the applicable Borrower certifying no Default or Event of Default exists.

Section 9.09 Benefit to Guarantor. Each Guarantor acknowledges that the Loans made to the Borrowers may be, in part, re-loaned to, or used for the benefit of, such Guarantor and its Affiliates, that each Guarantor, because of the utilization of the proceeds of the Loans, will

receive a direct benefit from the Loans and that, without the Loans, such Guarantor would not be able to continue its operations and carry on its business as presently conducted.

Section 9.10 Jurisdiction Specific Provisions. The provisions of this ARTICLE IX are subject to the limitations contained in the jurisdiction specific provisions contained in Schedule 9.10 attached hereto.

ARTICLE X

Miscellaneous

Section 10.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to the Parent or any other Borrower, to

Dynamic Materials Corporation
5405 Spine Road
Boulder, Colorado 80301
Attention: Chief Financial Officer
Facsimile No.: (303) 604-1897
Telephone No.: (303) 655-5700

with a copy to

Holme Roberts & Owen LLP
1700 Lincoln Street, Suite 4100
Denver, Colorado 80203
Attention: Garth Jensen
Facsimile No.: (303) 866-0200
Telephone No.: (303) 866-0365

(ii) if to a Guarantor, to it in care of the Parent;

(iii) if to the US Administrative Agent, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Facsimile No.: (312) 385-7102
Telephone No.: (312) 732-2009

with copies to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Brennon Crist
Facsimile No.: (303) 244-3351
Telephone No.: (303) 244-3220

Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
Attention: Marty DeBusk
Facsimile No.: (713) 238-7202
Telephone No.: (713) 220-4372

(iv) If to the Euro Administrative Agent, to

J.P. Morgan Europe Limited
125 London Wall
London
England
EC2Y 5AJ
Attention: Agency Department
Facsimile No.: (44) 207 777 2360
Telephone No.: (44) 207 777 2352/2355

(v) if to the Canadian Administrative Agent, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Facsimile No.: (312) 385-7102
Telephone No.: (312) 732-2009

(vi) if to the US Issuing Lender, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Facsimile No.: (312) 385-7102
Telephone No.: (312) 732-2009

with a copy to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Brennon Crist
Facsimile No.: (303) 244-3351
Telephone No.: (303) 244-3220

(vii) if to the Euro Issuing Lender, to

J. P. Morgan Europe Limited
125 London Wall
London
England
EC2Y 5AJ
Attention: Agency Department
Facsimile No.: (44) 207 777 2360
Telephone No.: (44) 207 777 2352/2355

with a copy to

Global Trade Solutions
1 Chaseside (DB01-0365)
Bournemouth
England
BH 7 7DA
Attention: Fiona Hallam
Facsimile No.: (44) 1202 343730
Telephone No.: (44) 1202 347744

(viii) if to the Canadian Issuing Lender, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Facsimile No.: (312) 385-7102
Telephone No.: (312) 732-2009

(ix) if to the US Swingline Lender, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Facsimile No.: (312) 385-7102
Telephone No.: (312) 732-2009

with a copy to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Brennon Crist
Facsimile No.: (303) 244-3351
Telephone No.: (303) 244-3220

(x) if to the Euro Swingline Lender to

J. P. Morgan Europe Limited
125 London Wall
London
England
EC2Y 5AJ
Attention: Agency Department
Facsimile No.: (44) 207 777 2360
Telephone No.: (44) 207 777 2352/2355

(xi) if to any other Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the US Administrative Agent. Each of the Agents or the Borrowers may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant

to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 10.02 Waivers; Amendments.

(a) No failure or delay by any Agent, Issuing Lender or Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or

the exercise of any other right or power. The rights and remedies of the Agents, the Issuing Lenders and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Obligor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Agent, Lender or Issuing Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the US Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon (including any agreement to amend or modify the definition of Leverage Ratio that would have the effect of reducing such rate of interest), or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.17(b) or Section 2.17(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 10.02(b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, (vi) release all or substantially all of the Collateral from the Liens of the Security Documents, without the written consent of each Lender, provided, that nothing herein shall prohibit the US Administrative Agent from releasing any Collateral, or require the consent of the other Lenders for such release, in respect of items sold, leased, conveyed or otherwise disposed to the extent such sale, lease, conveyance or other disposition is permitted hereunder, (vii) release all or substantially all of the Guarantees (other

than in connection with any transaction permitted hereunder), without the written consent of each Lender or (viii) change any of the provisions of Section 2.20 or the definition of "Defaulting Lender" without the consent of the Required Lenders, each Agent, each Swingline Lender and each Issuing Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of any Agent, Issuing Lender or Swingline Lender hereunder without the prior written consent of such Agent, Issuing Lender or Swingline Lender, as applicable. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent (1) of all Lenders or (2) of each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Section 10.03 Expenses; Indemnity; Damage Waiver.

(a) The Parent shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel and consultants for the Agents, in connection with the syndication of the credit facilities provided for herein, due diligence undertaken by the Agents with respect to the financing contemplated by this Agreement, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Lenders in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by any Agent, Issuing Lender or Lender, including the fees, charges and disbursements of one primary law firm as counsel, local counsel as needed and consultants for any Agent, Issuing Lender or Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Parent shall indemnify each Agent, Issuing Lender and Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan made or Letter of Credit issued by any Lender or Issuing Lender, as applicable, or the use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit),

(iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent or any of its Subsidiaries, or (iv) any actual claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; **and whether or not caused by the ordinary, sole or contributory negligence of any Indemnitee**, provided further that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or willful misconduct of such Indemnitee. It is agreed by the parties hereto that the indemnity obligations of the Parent under the Commitment Letter are superseded to the extent described in this Agreement.

(c) To the extent that the Parent fails to pay any amount required to be paid by it under paragraph (a) or (b) of this Section, (i) in the case of amounts owed to the US Administrative Agent, the US Issuing Lender or the US Swingline Lender, each US Lender severally agrees to pay to the US Administrative Agent, the US Issuing Lender or the US Swingline Lender, as the case may be, such Lender's Applicable Percentage of such unpaid amount, (ii) in the case of the case of amounts owed to the Euro Administrative Agent, the Euro Issuing Lender or the Euro Swingline Lender, each Euro Lender severally agrees to pay to the Euro Administrative Agent, the Euro Issuing Lender or the Euro Swingline Lender, as the case may be, such Lender's Applicable Percentage of such unpaid amount, and (iii) in the case of amounts owed to the Canadian Administrative Agent or the Canadian Issuing Lender, each Canadian Lender severally agrees to pay to the Canadian Administrative Agent or the Canadian Issuing Lender, as the case may be, such Lender's Applicable Percentage of such unpaid amount, in each case, as such unpaid amount is determined as of the time that the applicable unreimbursed expense or indemnity payment is sought; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as applicable, was incurred by or asserted against such Agent, Issuing Lender or Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable Law, each Obligor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable no later than ten (10) Business Days from demand therefor.

Section 10.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Lender that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or

obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by such Borrower without such consent shall be null and void), except pursuant to a merger in accordance with Section 6.03; and (ii) no Lender may assign or otherwise transfer its rights or obligations

hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Lender that issues any Letter of Credit), Indemnitees, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) of this Section, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Parent, provided that no such consent shall be required for an assignment to a Lender or an Affiliate of a Lender or if any Event of Default has occurred and is continuing; provided further that the Parent shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the US Administrative Agent within seven Business Days after having received written notice thereof;

(B) the US Administrative Agent, provided that no such consent shall be required for an assignment of any Commitment to an assignee that is a Lender with a Commitment of the same Class immediately prior to giving effect to such assignment; and

(C) each Issuing Lender and Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the aggregate amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the US Administrative Agent) shall not be less than $5,000,000 or the equivalent amount as determined by the US Administrative Agent and after giving affect to such assignment, the assigning Lender's Commitment or Loans shall not be less than $5,000,000 or the equivalent amount as determined by the US Administrative Agent unless each of the Parent and the US Administrative Agent otherwise consent, provided that no such consent of the Parent shall be required if an Event of Default under clause (a), (b), (h) or (i) of Section 7.01 has occurred and is continuing; provided further that the Parent shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the US Administrative Agent within seven Business Days after having received written notice thereof;

(B) each assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement and be pro rata among the Classes of Commitments of each Lender;

(C) the parties to each assignment shall execute and deliver to the US Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 (which fee shall not be payable by or due or owing from any Obligor);

(D) the assignee, if it shall not be a Lender, shall deliver to the US Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers, the Guarantors and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) no assignment shall be made that results in an increase to the Mandatory Cost or increased liability of any Obligor under Section 2.14 or Section 2.16; and

(F) no assignment shall be made to (1) any Borrower or any Affiliate thereof, (2) any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (2), or (3) to a natural person.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 2.14, Section 2.15, Section 2.16 and Section 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The US Administrative Agent shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and each Borrower, Agent, Issuing Lender and Lender may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each Borrower, Agent, Issuing Lender and Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the US Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register and, with respect to the assignment of any Euro Commitment or Loan, shall notify the Euro Administrative Agent

thereof, and with respect to any assignment of any Canadian Commitment or Loan, shall notify the Canadian Administrative Agent thereof. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrowers, any Agent, any Issuing Lender or either Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Agents, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, each Participant shall be entitled to the benefits and subject to the limitations of Section 2.14, Section 2.15, and Section 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.17 (c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.14, Section 2.15 or Section 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Parent's prior written consent (which consent expressly acknowledges any additional obligations of the Borrowers in respect of Indemnified Taxes or Other Taxes). A Participant shall not be entitled to the benefits of Section 2.16 unless the Parent is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Parent, to comply with Section 2.16(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.05 Survival. All covenants, agreements, representations and warranties made by any of the Borrowers and Guarantors herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Agent,

Issuing Lender or other Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Section 2.14, Section 2.15, Section 2.16 and Section 10.03 and ARTICLE VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 10.06 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Agents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the US Administrative Agent and when the US Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or electronic photocopy (i.e. "PDF") shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower or any Guarantor against any and all of the obligations of such Borrower and each Guarantor now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each such Lender this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 10.09 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) EACH OF THE BORROWERS AND GUARANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS, THE ISSUING LENDER OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE ANY OF THE BORROWERS OR GUARANTORS OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 10.12 Confidentiality.

(a) Each of the Agents, the Issuing Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that in the case of Information required to be disclosed by a Person pursuant to a subpoena or similar legal process, such Person shall use reasonable efforts to provide the Parent with prior notice of such required disclosure and the opportunity to obtain a protective order in respect thereof if no conflict exists with such Peron's governmental, regulatory or legal requirements), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Borrower and its obligations under the Loan Documents, (g) with the consent of the Parent or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Agents, the Issuing Lenders or any Lender on a nonconfidential basis from a source other than any Borrower or any of its respective Subsidiaries. For the purposes of this Section, "Information" means all information received from any Borrower or any of its Subsidiaries relating to any Borrower, any such Subsidiary or its respective business, other than any such information that is available to the Agents, the Issuing Lenders or any Lender on a nonconfidential basis prior to disclosure by such Borrower or such Subsidiary, as applicable; provided that, in the case of information received from such Borrower or such Subsidiary after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 10.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE US BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY ANY BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWERS AND GUARANTORS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWERS AND THE AGENTS THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

(d) Notwithstanding the provisions of Section 10.12(b), or any other provision of this Agreement or any Loan Document, each of the Agents, the Issuing Lenders, the Lenders and the Obligors may disclose to any and all Persons general information that is relevant in order to understand the tax treatment and tax structure of the transactions contemplated by this Agreement or any Loan Document. For the avoidance of doubt, the preceding sentence does not allow for the disclosure of any specific information that is not otherwise discloseable by reason of Section 10.12(b) and that is not relevant to understanding the tax treatment and tax structure of the transactions contemplated by this Agreement, such as (i) the specific identity of the Borrowers or any of its current or future Affiliates or (ii) any specific pricing terms or any other specific nonpublic business or financial information. For purposes of this Section 10.12(d), the terms "tax treatment" and "tax structure" shall have the meaning provided by Treasury Regulation Section 1.6011-4.

Section 10.13 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or reimbursement obligation, together with all fees, charges and other amounts that are treated as interest on such Loan or reimbursement obligation under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or reimbursement obligation in accordance with applicable law, the rate of interest payable in respect of such Loan or reimbursement obligation hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or reimbursement obligation but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans, reimbursement obligations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount shall have been received by such Lender.

Section 10.14 USA Patriot Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), hereby notifies the Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the names and addresses of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act.

Section 10.15 Amendment and Restatement. Upon the Effective Date, the Prior Agreement shall be amended, restated and superseded in its entirety by this

Agreement. The parties hereto acknowledge and agree that (i) this Agreement, any promissory notes delivered pursuant to Section 4.01(d) and the other Loan Documents executed and delivered herewith do not constitute a novation or termination of the "Obligations" as defined in the Prior Agreement as in effect prior to the Effective Date and (ii) such "Obligations" are in all respects continuing with only the terms thereof being modified as provided in this Agreement.

Section 10.16 Exiting Lenders. Each of Bank of America, N.A., Vectra Bank of Colorado, National Association and U.S. Bank, N.A., as "Lenders" under the Prior Agreement (collectively, the "Exiting Lenders"), hereby sells, assigns, transfers and conveys to the Lenders hereto, and each of the Lenders hereto hereby purchases and accepts, so much of the aggregate commitments under, and loans outstanding under, the Prior Agreement such that, after giving effect to this Agreement (a) each of the Exiting Lenders shall (i) be paid in full for all amounts owing under the Prior Agreement as agreed and calculated by such Exiting Lenders and the US Administrative Agent in accordance with the Prior Agreement, (ii) cease to be a "Lender" under the Prior Agreement and the "Loan Documents" as defined therein and (iii) relinquish its rights (provided that it shall still be entitled to any rights of indemnification in respect of any circumstance or event or condition arising prior to the Effective Date) and be released from its obligations under the Prior Agreement and the other "Loan Documents" as defined therein, (b) the Term Loan Commitments (as defined in the Prior Agreement) of the Term Lenders (as defined in the Prior Agreement) are hereby reallocated to the US Commitments of the US Lenders under this Agreement, and (c) the Commitments of each Lender shall be as set forth on Schedule 2.01 hereto. The foregoing assignments, transfers and conveyances are without recourse to the Exiting Lenders and without any warranties whatsoever by the Agents, the Issuing Lenders or any Exiting Lender as to title, enforceability, collectability, documentation or freedom from liens or encumbrances, in whole or in part, other than the warranty of each Exiting Lender that it has not previously sold, transferred, conveyed or encumbered such interests. The assignee Lenders and the US Administrative Agent shall make all appropriate adjustments in payments under the Prior Agreement, the "Notes" and the other "Loan Documents" thereunder for periods prior to the adjustment date among themselves. Each of the Exiting Lenders is executing this Agreement for the sole purpose of evidencing its agreement to this Section 10.16 only and for no other purpose.

[END OF TEXT]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

PARENT, US BORROWER, EURO BORROWER, CANADIAN BORROWER AND US GUARANTOR: DYNAMIC MATERIALS CORPORATION

By: /s/ Richard A. Santa
Title: Senior Vice President and Chief Financial Officer

US BORROWER AND US GUARANTOR: AMK WELDING, INC.

By: /s/ Richard A. Santa
Title: Vice President, Secretary and Treasurer

US BORROWER AND US GUARANTOR: DMC KOREA HOLDING, INC.

By: /s/ Richard A. Santa
Title: Vice President

US BORROWER AND US GUARANTOR: DYNAenergetics US, Inc.

By: /s/ Richard A. Santa
Title: Secretary

EURO BORROWER AND FOREIGN GUARANTOR: DYNAMIC MATERIALS LUXEMBOURG 2 S.a r.L

By: /s/ Richard A. Santa
Title: Class B Director

EURO BORROWER AND FOREIGN GUARANTOR: DYNAenergetics Holding GmbH

By: /s/ Patrick Xylander
Title: Managing Director

EURO BORROWER AND FOREIGN GUARANTOR: DYNAenergetics Beteiligungs GmbH

By: /s/ Patrick Xylander
Title: Managing Director

EURO BORROWER AND FOREIGN GUARANTOR: DYNAenergetics GmbH & Co KG

By: DYNAenergetics Beteiligungs GmbH,
as general partner

By: /s/ Patrick Xylander
Title: Managing Director

CANADIAN BORROWER AND FOREIGN GUARANTOR: DYNAenergetics Canada Inc.

By: /s/ Richard A. Santa
Title: Vice President

FOREIGN GUARANTOR: DYNAenergetics NA, LLC

By: /s/ Richard A. Santa
Title: Vice President, Secretary and Treasurer

FOREIGN GUARANTOR: DYNAMIC MATERIALS LUXEMBOURG 1 S.a r.L

By: /s/ Richard A. Santa
Title: Class B Director

FOREIGN GUARANTOR: NOBELCLAD EUROPE SA

By: /s/ Antoine Nobilie
Title: Administrator et Directeur General

FOREIGN GUARANTOR: NITRO METALL AB

By: /s/ Richard A. Santa
Title: Director

FOREIGN GUARANTOR: DYNAenergetics SIBERIA LIMITED

By: /s/ Egor Toropchanin
Title: Director

FOREIGN GUARANTOR: ooo PERFOLINE

By: /s/ Sergey A. Starigov
Title: General Director

FOREIGN GUARANTOR: ooo DYNAenergetics RUS

By: /s/ Wilhelm Sonnenberg
Title: General Director

FOREIGN GUARANTOR: DMC DYNAPLAT HOLDINGS GmbH

By: /s/ Dr. Malte Veehmayer
Title: Managing Director

FOREIGN GUARANTOR: DMC DYNAPLAT HOLDINGS GmbH and CO., KG

By: DMC DYNAPLAT HOLDINGS GmbH,
as general partner

By: /s/ Dr. Malte Veehmayer
Title: Managing Director

US ADMINISTRATIVE AGENT, US ISSUING LENDER, US SWINGLINE LENDER AND US LENDER:

JPMORGAN CHASE BANK, N.A

By: /s/ Brennon Crist
Title: Senior Vice President

EURO ADMINISTRATIVE AGENT, EURO ISSUING LENDER, EURO SWINGLINE LENDER AND EURO LENDER:

J.P. MORGAN EUROPE LIMITED

By: /s/ Lucy Butler
Title: Vice President

CANADIAN ADMINISTRATIVE AGENT, CANADIAN ISSUING LENDER AND CANADIAN LENDER:

JPMORGAN CHASE BANK, N.A.,
TORONTO BRANCH

By: /s/ Michael N. Tam
Title: Senior Vice President

SYNDICATION AGENT, US LENDER, EURO LENDER AND CANADIAN LENDER:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Michelle K. Bushey
Title: Senior Vice President

DOCUMENTATION AGENT, US LENDER AND EURO LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Jason Weston
Title: Vice President

US LENDER, EURO LENDER AND CANADIAN LENDER:

BANK OF THE WEST

By: /s/ Terry A. Switz
Title: Vice President

EURO LENDER:

JPMORGAN CHASE BANK, N.A.,
LONDON BRANCH

By: /s/ Lucy Butler
Title: Vice President

CANADIAN LENDER:

WELLS FARGO FINANCIAL
CORPORATION CANADA

By: /s/ Richard Valade
Title: President

Acknowledged and agreed to only with
respect to Section 10.16 of the Agreement
by:

BANK OF AMERICA, N.A.

By: /s/ David R. Barney

Title: Senior Vice President

Acknowledged and agreed to only with
respect to Section 10.16
of the Agreement by:

VECTRA BANK OF COLORADO,
NATIONAL ASSOCIATION

By: /s/ Malcolm R. Evans

Title: Vice President

Acknowledged and agreed to only with
respect to Section 10.16 of the Agreement
by:

U.S. BANK, N.A.

By: /s/ Greg Blanchard

Title: Vice President

Disclosure Schedules Omitted

SCHEDULE 2.01

COMMITMENTS

LENDER	US COMMITMENT	EURO COMMITMENT	CANADIAN COMMITMENT
JPMorgan Chase Bank, N.A.	$ 13,200,000		
J.P. Morgan Europe Limited / JPMorgan Chase Bank, N.A., London Branch(1)		€ 5,866,667	
JPMorgan Chase Bank, N.A., Toronto Branch			C$ 550,000
KeyBank National Association	$ 8,400,000	€ 3,733,333	C$ 350,000
Wells Fargo Bank, N.A.	$ 8,400,000	€ 3,733,333	
Wells Fargo Financial Corporation Canada			C$ 350,000
Bank of the West	$ 6,000,000	€ 2,666,667	C$ 250,000
TOTAL	**$ 36,000,000**	**€ 16,000,000**	**C$ 1,500,000**

(1) For purposes of Euro Loans to the Parent, JPMorgan Chase Bank, N.A., London Branch shall be a Euro Lender. For purposes of Euro Loans to any other Euro Borrower, J.P. Morgan Europe Limited shall be a Euro Lender.

Schedule 9.10

Jurisdiction Specific Provisions

JURISDICTION SPECIFIC PROVISIONS

The guaranty provisions in Article IX are further subject to the following:

I. Parallel Debt.

a. Each of the Euro Borrowers and Euro Guarantors (together, "Euro Obligors") hereby irrevocably and unconditionally undertake to pay to the US Administrative Agent amounts equal to any amounts owing from time to time by that Euro Obligor to any Secured Party under any of the Loan Documents as and when those amounts are or become due; provided, however, no Euro Obligor shall have any obligation under this clause (a) to pay to the US Administrative Agent any amounts owing by any US Guarantor or US Borrower to any Secured Party under any of the Loan Documents.

b. Each Euro Obligor, the US Administrative Agent, the Euro Administrative Agent and the Canadian Administrative Agent acknowledge that the obligations of each Euro Obligor under section (a) above are several and are separate and independent from, and shall not in any way limit or affect, the corresponding Obligations of that Euro Obligor to any of the Agents or any Secured Party under any of the Loan Documents (its "Corresponding Debt") nor shall the amounts for which each Euro Obligor is liable under section (a) above (its "Parallel Debt") be limited or affected in any way by its Corresponding Debt provided that:

1. the Parallel Debt of each Euro Obligor shall be decreased to the extent that its Corresponding Debt has been paid or (in the case of guarantee obligations) discharged;

2. the Corresponding Debt of each Euro Obligor shall be decreased to the extent that its Parallel Debt has been paid or (in the case of guarantee obligations) discharged;

3. the amount of the Parallel Debt of a Euro Obligor shall at all times be equal to the amount of its Corresponding Debt;

4. the Parallel Debt owed by a German Guarantor (as defined below) shall be subject to the same limitations set forth below in section II below as its Corresponding Debt; and

5. the Parallel Debt shall irrespective of clauses 1-4 above at any time amount to at least 1 Euro.

c. Each of the Agents acts in its own name as an independent and separate right and not as a trustee, and its claims in respect of the Parallel Debt shall not be held on trust. The security granted under the Loan Documents to the US Administrative Agent to secure the Parallel Debt is granted to the US Administrative Agent in its capacity as agent for the independent and separate creditors of the Parallel Debt and shall not be held on trust.

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d. Without limiting or affecting the Agents' rights against the Obligors (whether under this subsection (a) or under any other provision of the Loan Documents), each Euro Obligor acknowledges that:

1. nothing in this subsection (a) shall impose any obligation on any Agent to advance any sum to any Euro Obligor or otherwise under any Loan Document, except in its capacity as a Lender; and

2. for the purpose of any vote taken under any Loan Document, no Agent shall be regarded as having any participation or commitment other than those which it has in its capacity as a Lender.

II. Limitation on German Obligors Liabilities.

a. With a view to give due regard to the obligations of the managing directors of any Obligor incorporated in the Federal Republic of Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*) or in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*) acting as general partner of a limited partnership (*Kommanditgesellschaft*) (a "German Guarantor") (aa) to duly consider the own interest of such German Guarantor and the German Guarantor's creditors as well as (bb) to preserve the stated share capital (*Stammkapital*) of the German Guarantor, the liability of any German Guarantor to any Secured Party under any of the Loan Documents for Corresponding Debt or Parallel Debt ("Relevant German Guarantee") shall be limited if and to the extent that:

1. the Relevant German Guarantee qualifies a an up-stream or cross-stream security;

2. the relevant German Guarantor guarantees obligations of an affiliated company (*verbundenes Unternehmen*) of such German Guarantor within the meaning of section 15 of the German Act on Stock Corporations (*Aktiengesetz*) (other than any of that German Guarantor's Subsidiaries); and

3. the enforcement of the Relevant German Guarantee would cause the net assets of the German Guarantor to fall below or further reduce the stated share capital (*Stammkapital*) of such German Guarantor in violation of sections 30 et seq. German Act on Limited Liability Companies (*GmbH-Gesetz*).

b. The net assets under Clause II.a.3. shall be determined in accordance with the principles for ordinary bookkeeping at the time of the enforcement and the preparation of balance sheets as they were consistently applied by the German Guarantor in preparing its balance sheets in previous years, as the sum of the balance sheet positions shown under section 266 (2) (A), (B) and (C) of the German Commercial Code (*Handelsgesetzbuch*) less the sum of the balance sheet positions shown under section 266 (3) (B), (C) (but disregarding, for the avoidance of doubt, the obligations under the Relevant German Guarantee) and (D) of the German Commercial Code (*Handelsgesetzbuch*), save for the following adjustments:

1. any amounts resulting from an increase of the German Guarantor's stated share capital after the date of this Agreement which has been effected in violation of the Loan Agreement shall be deducted from the stated share capital; and

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2. loans and other contractual liabilities incurred by the German Guarantor in violation of the provisions of any of the Loan Documents shall be disregarded to the extent that such violation results from grossly negligent or willful misconduct.

c. The limitations set out in Clause II.a. above shall only apply if and to the extent that

1. within fifteen (15) Business Days following the notification by any Agent of its intention to enforce against the German Guarantor, the managing directors (*Geschäftsführer*) on behalf of the German Guarantor have confirmed in writing to the US Administrative Agent (aa) to what extent the Relevant German Guarantee is an up-stream or cross stream security and (bb) which amount of such up-stream security and/or cross-stream cannot be enforced as it would cause the net assets of the German Guarantor to fall below its stated share capital in violation of sections 30 et seq. German Act on Limited Liability Companies (*GmbH-Gesetz*) and such confirmation is supported by conclusive evidence (the "Management Determination"); and

2. (x) none of the Agents (acting on the instructions of the Secured Parties) has contested the Management Determination by arguing that no or a lesser amount would be necessary to maintain its stated share capital within fifteen (15) Business Days following the Management Determination, or (y) within thirty-five (35) Business Days from the date any Agent has contested the Management Determination, the US Administrative Agent receives a determination by auditors of international standard and reputation ("Auditor's Determination") appointed by the German Guarantor of the amount that would have been necessary to maintain its stated share capital without violation of sections 30 et seq. German Act on Limited Liability Companies (*GmbH-Gesetz*).

d. If and to the extent that the Relevant German Guarantee has been enforced without regard to the limitations set out in Clause II. A. above because (i) the Management Determination or Auditor's Determination was not delivered within the relevant time frame or (ii) the realizable amount pursuant to the Auditor's Determination is lower than the respective amount stated in the Management Determination, the US Administrative Agent shall upon written demand of the German Guarantor (procure to) repay to the German Guarantor any amount required to maintain such German Guarantor's stated share capital (*Stammkapital*) in accordance with sections 30 et seq. of the German Limited Liability Company Act (*GmbH-Gesetz*).

e. If the US Administrative Agent disagrees with the Auditor's Determination it shall notify the German Guarantor accordingly. The Secured Parties shall only be entitled to enforce the Relevant German Guarantee up to the amount which is undisputed between themselves and the German Guarantor in accordance with the provisions of Clause II. In relation to the amount which is disputed between the US Administrative Agent and the German Guarantor, the Secured Parties shall be entitled to further pursue claims (if any) in court.

f. In an enforcement situation the German Guarantor shall, upon the written request of the US Administrative Agent and to the extent legally permitted, for the purposes of the determination of its net assets dispose of all assets which are shown in the balance sheet of the

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German Guarantor with a book value (*Buchwert*) which is significantly lower than the market value of such asset if such asset is not necessary for the operation of its business (*nicht betriebsnotwendig*) and to the extent it can be realized commercially justifiable.

g. The Relevant German Guarantee shall be limited if and to the extent that the payment or enforcement of such liability would cause the managing directors' (*Geschäftsführer*) liability of such German Guarantor or its general partner under section 64 sentence 3 of the German Act on Limited Liability Companies (*GmbH-Gesetz*) or section 130a para 1 sentence 3 of the German Commercial Code (*Handelsgesetzbuch*), respectively. The US Administrative Agent agrees to enforce any Relevant German Guarantee of a German Guarantor only to the extent that the managing directors (*Geschäftsführer*) of the German Obligor or its general partner are not or will not become liable as a result of the enforcement pursuant to section 64 sentence 3 of the German Act on Limited Liability Companies (*GmbH-Gesetz*) or section 130a para 1 sentence 3 of the German Commercial Code (*Handelsgesetzbuch*), respectively.

h. The Relevant German Guarantee shall be limited if and to the extent that the payment or enforcement of such liability would threaten the corporate existence of the German Guarantor pursuant to the German concept of destructive interference (*existenzvernichtender Eingriff*). The US Administrative Agent agrees to enforce the liability only to the extent that such enforcement would not result in a threat to the corporate existence of the German Guarantor pursuant to the German concept of destructive interference (*existenzvernichtender Eingriff*).

III. Limitation on French Guarantor's liabilities:

a. The obligations and liabilities of any Guarantor incorporated under the laws of France (a "French Guarantor") hereunder shall not extend to the payment obligations of any Obligor incorporated in the United States of America or any other jurisdiction other than France.

b. The obligations and liabilities of any French Guarantor hereunder shall not include, and shall not be construed as including, any obligation or liability which if incurred would breach any provisions of financial assistance as defined by article L.225-216 of the French Commercial Code (*Code de Commerce*) for the guarantee, or the subscription, or the acquisition, or the financing, or the refinancing of the acquisition, directly or indirectly, of its own shares.

c. Notwithstanding anything to the contrary in this Agreement, the liabilities of any French Guarantor hereunder shall at any time be limited:

(x) regarding any Obligor which is a Subsidiary of the French Guarantor, to a guarantee of such Subsidiary's total payment obligations to the Finance Parties under the Finance Documents (subject always to the provisions of paragraphs (i) and (ii) above); and

(y) regarding any Obligor which is not a Subsidiary of the French Guarantor, to a guarantee of such Obligor's payment obligations up to the aggregate outstanding principal amount (if any) borrowed by such French Guarantor from such Obligor, to the extent such borrowed amounts remain outstanding at the time of enforcement of such guarantee (subject always to the provisions of paragraph (i) above).

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d. For the avoidance of doubt, it is acknowledged that the French Guarantors are not "*co-débiteurs solidaires*" as to their obligations pursuant to the guarantees given pursuant to Article IX.

IV. Limitation on Swedish Obligors Liability.

a. The obligations of each Euro Guarantor that is incorporated under the laws of Sweden shall under Article IX be limited if (and only if) required by an application of the provisions of the Swedish Companies Act (*Sw. aktiebolagslagen (2005:551)*) in force from time to time regulating the purpose of a company's business, prohibited loans and guarantees and distribution of assets (including profits/dividends) and it is understood that the liability of any such Swedish Euro Guarantor under Article IX only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

b. The termination and release of any Lien created under the laws of Sweden shall require the prior consent of the Administrative Agent (such consent not to be unreasonably withheld).

V. Limitation on Luxembourg Obligors Liability. The obligations of each Guarantor incorporated in Luxembourg (a "Luxembourg Guarantor") under Article IX (Guarantee) for the obligations under the Loan Documents of any Obligor that is not a direct or indirect subsidiary of such Luxembourg Guarantor shall be limited to an aggregate amount not exceeding:

a. The greater of (x) 95% of such Luxembourg Guarantor's net assets (*capitaux propres*) (as referred to in article 34 of the Luxembourg Law dated 19 December 2002) as at the date on which a demand under the guarantee in Article IX (Guarantee) is made; and (y) 95% of such Luxembourg Guarantor's net assets (*capitaux propres*) (as referred to in article 34 of the Luxembourg Law dated 19 December 2002) as at the date of this Agreement; and

b. Any other advances, loans or moneys made available to the Luxembourg Guarantor by any of its Affiliates.

The above limitation does not apply to any amount lent to the Luxembourg Guarantor or to any of its direct or indirect Subsidiaries (regardless of the form thereof), where such amount lent is financed directly or indirectly by a borrowing under the Loan Documents.

EXHIBIT 1.1A

FORM OF
ASSIGNMENT AND ASSUMPTION

Reference is made to the Amended and Restated Credit Agreement dated as of December 21, 2011 (as amended and in effect on the date hereof, the "Credit Agreement"), among Dynamic Materials Corporation, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A., as Documentation Agent. Terms defined in the Credit Agreement are used herein with the same meanings.

The Assignor named below hereby sells and assigns, without recourse, to the Assignee named below, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date inserted by the US Administrative Agent as contemplated below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the interests set forth below in the Commitment of the Assignor on the Assignment Date and US Loans, Euro Loans and Canadian Loans owing to the Assignor which are outstanding on the Assignment Date, together with the participations in US Letters of Credit, Euro Letters of Credit, Canadian Letters of Credit, US LC Disbursements, Euro LC Disbursements, Canadian LC Disbursements, US

Swingline Loans and Euro Swingline Loans held by the Assignor on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a US Lender, a Euro Lender and a Canadian Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement.

This Assignment and Assumption is being delivered to the Administrative Agent together with (i) any documentation required to be delivered by the Assignee pursuant to Section 10.04(b)(ii) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire, duly completed by the Assignee. The **[Assignee/Assignor]** shall pay the fee payable to the Administrative Agent pursuant to Section 10.04(b)(ii)(C) of the Credit Agreement.

This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of New York.

Legal Name of Assignor:

Legal Name of Assignee:

Assigned Interest:

Commitment Assigned	Principal Amount Assigned	Percentage Assigned of Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Commitments of all Lenders thereunder)
US Commitment	$	%
Euro Commitment	€	%
Canadian Commitment	C$	%

[Signature Pages follow]

Assignment Date: , 20 [TO BE INSERTED BY US ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth above are hereby agreed to:

ASSIGNOR:

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE:

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

The undersigned hereby consent to the within assignment:

[DYNAMIC MATERIALS CORPORATION,
as Parent

By: _____
Name: _____
Title: _____](1)

[JPMORGAN CHASE BANK, N.A.,
as US Administrative Agent

By: _____
Name: _____
Title: _____](2)

JPMORGAN CHASE BANK, N.A.,
as US Issuing Lender and US Swingline Lender

By: _____
Name: _____
Title: _____

J.P. MORGAN EUROPE LIMITED,
as Euro Issuing Lender and Euro Swingline Lender

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as Canadian Issuing Lender

By: _____
Name: _____
Title: _____

(1) Consent to be included to the extent required by Section 10.01(b)(i)(A) of the Credit Agreement.
(2) Consent to be included to the extent required by Section 10.04(b)(i)(B) of the Credit Agreement.

EXHIBIT 1.1B(i)

FORM OF
JOINDER AGREEMENT
(Domestic)

ADDENDUM AND JOINDER TO
CREDIT AGREEMENT
(US Security Agreement; Section 5.09(a)(ii))(3)

This ADDENDUM AND JOINDER TO CREDIT AGREEMENT (this "Addendum") is entered into by , a (the "New Subsidiary"), **[, a (the "New Subsidiary Parent")](4)** and DYNAMIC MATERIALS CORPORATION, a Delaware corporation (the "Parent") in favor of JPMORGAN CHASE BANK, N.A., as US Administrative Agent under the Credit Agreement (in such capacity, the "Agent").

WHEREAS, the Parent, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrower party thereto, the Guarantors party thereto, the Lenders, the Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A., as Documentation Agent (collectively, the "Original Parties"), entered into that certain Amended and Restated Credit Agreement dated as of December 21, 2011 (as the same has been or may be amended, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, the Parent and the Wholly Owned Subsidiaries of the Parent that are Domestic Subsidiaries all or substantially all of the assets of which do not consist of stock or securities in one or more Foreign Subsidiaries are parties to that certain Security and Pledge Agreement dated as of November 16, 2007, by and among the Parent, the Wholly Owned Domestic Subsidiaries party thereto and the Agent (as the same has been or may be amended, modified or supplemented, the "Security Agreement");

WHEREAS, the New Subsidiary is required to execute this Addendum pursuant to Section 5.09(a)(ii) of the Credit Agreement; and

(3) This form may be modified as may be necessary or appropriate to provide for the use of this form to join more than one New Subsidiary; provided that the form, as modified, is satisfactory to the Agent in its reasonable discretion. This form may also be modified as may be necessary or appropriate to provide for the addition of Equity Interests in a New Subsidiary as Collateral under the Security Agreement without adding the New Subsidiary as a Debtor under the Security Agreement or a party to the Credit Agreement if the New Subsidiary is a Foreign Subsidiary or a Domestic Subsidiary the assets of which are all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries and such New Subsidiary is executing a separate Addendum to become a party to the Credit Agreement and to the security agreement to which the Foreign Guarantors are parties.

(4) Include if Parent is not the immediate parent of New Subsidiary.

WHEREAS, the New Subsidiary desires to become a party to the Credit Agreement and the Security Agreement and to receive all the benefits of and to become subject to the obligations thereof as a US Guarantor;

NOW, THEREFORE, in consideration of the benefits to be derived by the New Subsidiary under the Credit Agreement as a US Guarantor and for Ten Dollars ($10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the above-named parties agree as follows:

1. Terms. Capitalized terms used herein and not defined herein have the same meanings assigned to such terms in the Credit Agreement.

2. Joinder. By executing and delivering this Addendum, the New Subsidiary hereby (i) becomes a party to the Credit Agreement as a US Guarantor and the Security Agreement as a Debtor as if the New Subsidiary had originally signed the Credit Agreement and Security Agreement and (ii) expressly assumes all obligations and liabilities of a "US Guarantor" or "Debtor" thereunder, as applicable. In furtherance thereof, the New Subsidiary hereby unconditionally and irrevocably guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on the US Loans, the Euro Loans and the Canadian Loans, and the full and punctual payment of all other Obligations payable by the US Borrowers, the Euro Borrowers, the Canadian Borrower, any Foreign Guarantor or any other US Guarantor under the Loan Documents, upon the terms and conditions set forth in the Credit Agreement after giving effect to this Addendum.

3. Updated Information (Credit Agreement). Concurrently with this Addendum, the New Subsidiary is delivering a completed New Subsidiary Information List, as attached in Attachment A hereto. The Parent and the New Subsidiary acknowledge and agree that Schedules 3.01, 3.03, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.12, 6.02, 6.05, 6.08(j) and 6.09 of the Credit Agreement, as updated by the information with respect to the New Subsidiary reflected on the corresponding schedules of the New Subsidiary Information List and any other relevant information, are true, accurate and complete representations of the information described and referenced in the corresponding sections of the Credit Agreement, after giving effect to this Addendum. The New Subsidiary hereby confirms that the representations and warranties set forth in Article III of the Credit Agreement applicable to it or its New Subsidiary Collateral (as defined below) are true and correct with respect to the New Subsidiary and the New Subsidiary Collateral, after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in the Credit Agreement is intended to apply as of the date of this Addendum with respect to the New Subsidiary.

4. Updated Information (Security Documents).

a. **[Each of the] [The]** Parent **[and New Subsidiary Parent]** acknowledges and agrees that Annex 1 of the Security Agreement, as updated to add the information with respect to the **[New Subsidiary]** Parent's Equity Interests (as defined in the Security Agreement) in the New Subsidiary set forth on Attachment B hereto and any other relevant information, is a true, accurate and complete representation of the information described and referenced in the corresponding sections of the Security Agreement, after giving effect to this Addendum. The

[New Subsidiary] Parent hereby confirms that the representations and warranties set forth in Article IV of the Security Agreement with respect to the New Subsidiary Parent Collateral (as defined below) are true and correct with respect to the New Subsidiary Parent Collateral, after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in Article IV of the Security Agreement insofar as they relate to the New Subsidiary Parent Collateral is intended to apply as of the date of this Addendum with respect to the New Subsidiary Parent Collateral.

b. Each of the Parent and the New Subsidiary acknowledges and agrees that Annexes 1 through 14, inclusive, of the Security Agreement, as updated to add the information with respect to the New Subsidiary and the New Subsidiary Collateral set forth on the corresponding Annexes of the New Subsidiary Information List attached in Attachment A hereto and any other relevant information, are true, accurate and complete representations of the information described and referenced in the corresponding sections of the Security Agreement, after giving effect to this Addendum. The New Subsidiary hereby confirms that the representations and warranties set forth in Article IV of the Security Agreement applicable to the New Subsidiary and the New Subsidiary Collateral are true and correct with respect to the New Subsidiary and the New Subsidiary Collateral, after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in the Security Agreement is intended to apply as of the date of this Addendum with respect to the New Subsidiary and the New Subsidiary Collateral.

5. Security Interest (**[New Subsidiary]** Parent). As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) and performance of the Secured Obligations (as defined in the Security Agreement), the **[New Subsidiary]** Parent hereby grants to the Agent for the benefit of the Secured Parties (as defined in the Security Agreement) a security interest in all of the **[New Subsidiary]** Parent's right, title and interest in, to and under the following property, whether now owned or hereafter acquired by the **[New Subsidiary]** Parent and whether now existing or hereafter coming into existence and wherever located (collectively, the "New Subsidiary Parent Collateral"): (a) all Securities Collateral (as defined in the Security Agreement) described on Attachment B to this Addendum, and (b) all Proceeds (as defined in the Security Agreement) of such Securities Collateral, pursuant to and in accordance with the terms of the Security Agreement (and all such New Subsidiary Parent Collateral shall be "Collateral" for purposes of the Security Agreement); provided, that neither the New Subsidiary Parent Collateral nor the Collateral shall include any Excluded Equity Interests (as defined in the Security Agreement) or any of the dividends, distributions, returns of capital, cash, warrants, options, rights, instruments, rights to vote or manage or any other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Excluded Equity Interests.

6. Security Interest (New Subsidiary). As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) and performance of the Secured Obligations (as defined in the Security Agreement), the New Subsidiary hereby grants to the Agent for the benefit of the Secured Parties (as defined in the Security Agreement) a security interest in all of the New Subsidiary's right, title and interest in, to and under the following property, whether now owned or hereafter acquired by the New Subsidiary and whether now existing or hereafter coming into existence and wherever located (collectively, the "New

Subsidiary Collateral"): (a) all Securities Collateral (as defined in the Security Agreement) described on Attachment C to this Addendum, (b) all other Collateral (as defined in the Security Agreement) described in the Security Agreement and (c) all Proceeds (as defined in the Security Agreement) of such Collateral, pursuant to and in accordance with the terms of the Security Agreement (and all such New Subsidiary Collateral shall be "Collateral" for purposes of the Security Agreement); provided, that neither the New Subsidiary Collateral nor the Collateral shall include any Excluded Equity Interests (as defined in the Security Agreement) or any of the dividends, distributions, returns of capital, cash, warrants, options, rights, instruments, rights to vote or manage or any other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Excluded Equity Interests.

7. Authorization to Take Further Action. The New Subsidiary and the **[New Subsidiary]** Parent hereby authorize the Agent to file such financing statements as may be necessary or desirable to perfect the Liens under the Security Agreement and any modification, extension or ratification thereof.

8. Reliance. All parties hereto acknowledge that the Agents and the Lenders are relying on this Addendum, the accuracy of the statements herein contained and the performance of the conditions placed upon the New Subsidiary hereunder, and that, but for the execution of this Addendum by said parties, the Agents and the Lenders would not allow the New Subsidiary to become party to the Credit Agreement. The New Subsidiary does hereby covenant and agree that it will execute such further documents and undertake any such measure as may be necessary to effect and carry out the terms of this Addendum and the implementation thereof.

9. Warranties. The New Subsidiary (a) represents and warrants that it is legally authorized to enter into this Addendum, and (b) confirms that it is a Wholly Owned Subsidiary of the Parent and that it is a Domestic Subsidiary all or substantially all of the assets of which do not consist of stock or securities in one or more Foreign Subsidiaries.

10. Choice of Law. This Addendum shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law principles.

11. Ratification; Conflicts. Any and all conflicts or inconsistencies between the terms and provisions of this Addendum and the Credit Agreement shall be governed and controlled by the terms and provisions of this Addendum. Except as modified hereby, the Credit Agreement and the Security Agreement remain in full force and effect

according to their terms.

12. Effectiveness. Upon execution of this Addendum by the New Subsidiary, this Addendum shall become immediately effective and enforceable as to such New Subsidiary and all of the Original Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum and agreed to the provisions contained herein effective as of , 20 .

NEW SUBSIDIARY: ,
a

By:

Name:
Title:

[NEW SUBSIDIARY PARENT ,
a

By:

Name:
Title:]

PARENT: DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

By:

Name:
Title:

ATTACHMENT A

ADDITIONAL INFORMATION REGARDING THE NEW SUBSIDIARY

The following Schedules as described in the Credit Agreement:

Schedule 3.01	Organization
Schedule 3.03	No Violations
Schedule 3.05	No Undisclosed Liabilities
Schedule 3.06	Litigation
Schedule 3.07	Compliance with Law
Schedule 3.08	Material Contracts
Schedule 3.09	Properties
Schedule 3.10	Intellectual Property
Schedule 3.12	Environmental Compliance
Schedule 6.02	Existing Liens
Schedule 6.05	Permitted Investments
Schedule 6.08(j)	Permitted Affiliate Agreements
Schedule 6.09	Restrictive Agreements

The following Annexes as described in the Security Agreement:

Annex 1	Intellectual Property Licenses
Annex 2	Patent Collateral
Annex 3	Securities Collateral
Annex 4	Trademark Collateral
Annex 5	Filing Offices
Annex 6	Debtor Information
Annex 7	Previous Names and Transactions
Annex 8	Offices and Locations of Records
Annex 9	Deposit Accounts
Annex 10	Securities Accounts and Commodity Accounts
Annex 11	Instruments and Tangible Chattel Paper
Annex 12	Electronic Chattel Paper
Annex 13	Letters of Credit
Annex 14	Commercial Tort Claims

Entity Documents
Provide a copy of all that apply:

Corporation:	Filed Articles of Incorporation/Amendments and Bylaws/Resolutions with Incumbency Certificate
Partnership:	Partnership Agreement and filed/recorded Certificate of Partnership
Limited Liability Company (LLC):	Article of Organization and Operating Agreement/Member or Manager Consent with Incumbency Certificate
Limited Liability Partnership (LLP):	Certificate of registered partnership and partnership agreement
Fictitious Name Filing:	Trade Name-Entities doing business under fictitious name; if applicable

ATTACHMENT B

EQUITY INTERESTS OWNED BY THE [NEW SUBSIDIARY] PARENT IN THE NEW SUBSIDIARY

ATTACHMENT C

EQUITY INTERESTS OWNED BY THE NEW SUBSIDIARY IN ITS WHOLLY OWNED SUBSIDIARIES

EXHIBIT 1.1(B)(ii)

FORM OF
JOINDER AGREEMENT
(Foreign)

ADDENDUM AND JOINDER TO
CREDIT AGREEMENT
(Foreign Security Agreement; Sections 5.09(a)(i), Section 5.09(b), Section 5.09(c))(5)

This ADDENDUM AND JOINDER TO CREDIT AGREEMENT (this "Addendum") is entered into by , a (the "New Subsidiary") **[, a (the "New Subsidiary Parent")]*(6)*** and DYNAMIC MATERIALS CORPORATION, a Delaware corporation (the "Parent") in favor of JPMORGAN CHASE BANK, N.A., as US Administrative Agent under the Credit Agreement (in such capacity, the "US Agent") **[and J.P. MORGAN EUROPE LIMITED, as Euro Administrative Agent under the Credit Agreement (in such capacity, the "Euro Agent")]**.

WHEREAS, the Parent, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrower party thereto, the Guarantors party thereto, the Lenders, the Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A., as Documentation Agent (collectively, the "Original Parties"), entered into that certain Amended and Restated Credit Agreement dated as of December 21, 2011 (as the same has been or may be amended, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, the Euro Borrowers, the Canadian Borrower and the Wholly Owned Subsidiaries of the Parent that are Foreign Subsidiaries and the Wholly Owned Subsidiaries of the Parent that are Domestic Subsidiaries all or substantially all of the assets of which consist of stock or securities in one or more Foreign Subsidiaries are parties to that certain Security and Pledge Agreement dated as of November 16, 2007, by and among Dynamic Materials Luxembourg 2 S.á r.l., the Wholly Owned Foreign Subsidiaries party thereto and the Agent (as the same has been or may be amended, modified or supplemented, the "Security Agreement");

(5) This form may be modified as may be necessary or appropriate to provide for the use of this form to join more than one New Subsidiary; provided that the form, as modified, is satisfactory to the US Agent in its reasonable discretion.

(6) If the immediate parent of the New Subsidiary is the Parent, the Parent will not grant any security interests pursuant to this Addendum, but will execute an addendum to the Security Agreement to which the Parent is a party for purposes of adding a portion of the Equity Interests of the New Subsidiary as collateral under such Security Agreement. If the New Subsidiary Parent is a Domestic Subsidiary the assets of which are not all or substantially all comprised of stock or securities in one or more Foreign Subsidiaries, the New Subsidiary Parent will not be a party to this Addendum, but will execute an addendum to the Security Agreement to which the New Subsidiary Parent is a party for purposes of adding a portion of the Equity Interests of the New Subsidiary as collateral under such Security Agreement.

[WHEREAS, the New Subsidiary owns 100% of the Equity Interests in , which is an entity organized under the laws of and intends to join that certain Share Pledge Agreement governed by the laws of such jurisdiction and entered into by (the "Share Pledge Agreement"); (7)]

[WHEREAS, the New Subsidiary Parent owns 100% of the Equity Interests in the New Subsidiary, and intends to add such Equity Interests to the collateral under the Share Pledge Agreement;](8)

WHEREAS, the New Subsidiary is required to execute this Addendum pursuant to Section ***[5.09(a)(i)/5.09(b)/5.09(c)]*** of the Credit Agreement; and

WHEREAS, the New Subsidiary desires to become a party to the Credit Agreement ***[and][,]*** Security Agreement ***[and Share Pledge Agreement]*** and to receive all the benefits of and to become subject to the obligations thereof as a Foreign Guarantor;

NOW, THEREFORE, in consideration of the benefits to be derived by the New Subsidiary under the Credit Agreement as a Foreign Guarantor and for Ten Dollars ($10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the above-named parties agree as follows:

1. Terms. Capitalized terms used herein and not defined herein have the same meanings assigned to such terms in the Credit Agreement.

2. Joinder. By executing and delivering this Addendum, the New Subsidiary hereby (i) becomes a party to the Credit Agreement as a Foreign Guarantor ***[and][,]*** the Security Agreement as a Debtor ***[and the Share Pledge Agreement as a party thereunder]*** as if the New Subsidiary had originally signed the Credit Agreement ***[and][,]*** Security Agreement ***[and Share Pledge Agreement]*** and (ii) expressly assumes all obligations and liabilities of a "Foreign Guarantor" ***[or][,]*** "Debtor" ***[or "pledgor"]*** thereunder, as applicable. In furtherance thereof, the New Subsidiary hereby unconditionally and irrevocably guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on the Euro Loans and the Canadian Loans, and the full and punctual payment of all other Obligations payable by the Euro Borrowers, the Canadian Borrower or any other Foreign Guarantor under the Loan Documents, upon the terms and conditions set forth in the Credit Agreement after giving effect to this Addendum.

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(7) The New Subsidiary will join existing Share Pledge Agreement to the extent permitted under applicable laws; in the event a pledge is required under a new jurisdiction or a joinder cannot be effective pursuant to this Addendum, the New Subsidiary will execute a new Share Pledge Agreement. All optional language regarding the Share Pledge Agreement will be used only to the extent a new Share Pledge Agreement is not executed. The New Subsidiary will not be required to execute a new Share Pledge Agreement or join an existing Share Pledge Agreement if it does not have a Wholly Owned Subsidiary.

(8) The New Subsidiary Parent will not add collateral to the Share Pledge Agreement if an addition cannot be effective pursuant to this Addendum. In such event, the New Subsidiary Parent will not be a party to this Addendum and will execute a new Share Pledge Agreement. All optional language with respect to adding collateral under a Share Pledge Agreement will be used only to the extent applicable.

3. Updated Information (Credit Agreement). Concurrently with this Addendum, the New Subsidiary is delivering a completed New Subsidiary Information List, as attached in Attachment A hereto. The Parent and the New Subsidiary acknowledge and agree that Schedules 3.01, 3.03, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.12, 6.02, 6.05, 6.08(j) and 6.09 of the Credit Agreement, and, if the New Subsidiary is formed or organized under the laws of a jurisdiction with respect to which jurisdiction specific guarantee limitations are set forth on Schedule 9.10 of the Credit Agreement, Schedule 9.10 of the Credit Agreement, as updated to add the information with respect to the New Subsidiary reflected on the corresponding schedules of the New Subsidiary Information List and any other relevant information, are true, accurate and complete representations of the information described and referenced in the corresponding sections of the Credit Agreement, after giving effect to this Addendum. The New Subsidiary hereby confirms that the representations and warranties set forth in Article III of the Credit Agreement applicable to it or its New Subsidiary Collateral are true and correct with respect to the New Subsidiary and the New Subsidiary Collateral (as defined below), after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in the Credit Agreement is intended to apply as of the date of this Addendum with respect to the New Subsidiary.

4. Updated Information (Security Documents).

(a) **[Each of the] [The]** Parent **[and New Subsidiary Parent]** acknowledges and agrees that Annex 1 of the Security Agreement, as updated to add the information with respect to the **[New Subsidiary]** Parent's Equity Interests (as defined in the Security Agreement) in the New Subsidiary set forth on Attachment B hereto and any other relevant information, is a true, accurate and complete representation of the information described and referenced in the corresponding sections of the Security Agreement, after giving effect to this Addendum. The **[New Subsidiary]** Parent hereby confirms that the representations and warranties set forth in Article IV of the Security Agreement with respect to the New Subsidiary Parent Collateral (as defined below) are true and correct with respect to the New Subsidiary Parent Collateral, after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in Article IV of the Security Agreement insofar as they relate to the New Subsidiary Parent Collateral is intended to apply as of the date of this Addendum with respect to the New Subsidiary Parent Collateral.

(b) Each of the Parent and the New Subsidiary acknowledges and agrees that Annexes 1 through 5, inclusive, of the Security Agreement, as updated to add the information with respect to the New Subsidiary and the New Subsidiary Collateral set forth on the corresponding Annexes of the New Subsidiary Information List attached in Attachment A hereto and any other relevant information, are true, accurate and complete representations of the information described and referenced in the corresponding sections of the Security Agreement, after giving effect to this Addendum. The New Subsidiary hereby confirms that the representations and warranties set forth in Article IV of the Security Agreement applicable to the New Subsidiary and the New Subsidiary Collateral are true and correct with respect to the New Subsidiary and the New Subsidiary Collateral, after giving effect to this Addendum. Any phrase stating "as of the date hereof" or any similar phrase in its representations and warranties set forth in the Security Agreement is intended to apply as of the date of this Addendum with respect to the New Subsidiary and the New Subsidiary Collateral.

[(c) Each of the Parent and the New Subsidiary acknowledges and agrees thatSchedule 1 of the Share Pledge Agreement, as updated by the information contained in Schedule 1 of Attachment A hereto, is a true, accurate and complete representation of the information described and referenced in the corresponding sections of the Share Pledge Agreement, after giving effect to this Addendum. The New Subsidiary hereby confirms that the representations and warranties set forth in [insert applicable provisions] of the Share Pledge Agreement are true and correct with respect to the New Subsidiary and the New Subsidiary Collateral, after giving effect to this Addendum.]

5. Security Interest (New Subsidiary Parent)(9). As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) and performance of the Secured Obligations (as defined in the Security Agreement), the New Subsidiary Parent hereby grants to the US Agent for the benefit of the Secured Parties (as defined in the Security Agreement) a security interest in all of the New Subsidiary Parent's right, title and interest in, to and under the following property, whether now owned or hereafter acquired by the New Subsidiary Parent and whether now existing or hereafter coming into existence and wherever located (collectively, the "New Subsidiary Parent Collateral"): (a) all Securities Collateral (as defined in the Security Agreement) described on Attachment B to this Addendum, and (b) all Proceeds (as defined in the Security Agreement) of such Securities Collateral, pursuant to and in accordance with the terms of the Security Agreement (and all such New Subsidiary Parent Collateral shall be "Collateral" for purposes of the Security Agreement). ***[In addition, the New Subsidiary Parent hereby grants to the Euro Agent, for the benefit of the Lenders, to the maximum extent allowed by applicable law, a lien and security interest on all of the New Subsidiary Parent Collateral pursuant to, and in accordance with, the terms of the Share Pledge Agreement.]***

6. Security Interest (New Subsidiary). As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) and

performance of the Secured Obligations (as defined in the Security Agreement), the New Subsidiary hereby grants to the US Agent for the benefit of the Secured Parties (as defined in the Security Agreement) a security interest in all of the New Subsidiary's right, title and interest in, to and under the following property, whether now owned or hereafter acquired by the New Subsidiary and whether now existing or hereafter coming into existence and wherever located (collectively, the "New Subsidiary Collateral"): (a) all Securities Collateral (as defined in the Security Agreement) described on Attachment C to this Addendum, (b) all other Collateral (as defined in the Security Agreement) described in the Security Agreement and (c) all Proceeds (as defined in the Security Agreement) of such Securities Collateral, pursuant to and in accordance with the terms of the Security Agreement (and all such New Subsidiary Collateral shall be "Collateral" for purposes of the Security Agreement). ***[In addition, the New Subsidiary Parent hereby grants to the Euro Agent, for the benefit of the Lenders, to the maximum extent allowed by applicable law, a lien and security interest on all of the New Subsidiary Parent Collateral pursuant to, and in accordance with, the terms of the Share Pledge Agreement.]***

(9) Include only if New Parent Subsidiary is a party to this Addendum.

7. Authorization to Take Further Action. **[Each of the] [The]** New Subsidiary **[and the New Subsidiary Parent]** hereby authorizes the US Agent to file such financing statements as may be necessary or desirable to perfect the Liens under the Security Agreement and any modification, extension or ratification thereof.

8. Reliance. All parties hereto acknowledge that the Agents and the Lenders are relying on this Addendum, the accuracy of the statements herein contained and the performance of the conditions placed upon the New Subsidiary hereunder, and that, but for the execution of this Addendum by said parties, the Agents and the Lenders would not allow the New Subsidiary to become party to the Credit Agreement. The New Subsidiary does hereby covenant and agree that it will execute such further documents and undertake any such measure as may be necessary to effect and carry out the terms of this Addendum and the implementation thereof.

9. Warranties. The New Subsidiary (a) represents and warrants that it is legally authorized to enter into this Addendum, and (b) confirms that it is a Wholly Owned Subsidiary of the Parent and that it is either a Foreign Subsidiary or a Domestic Subsidiary all or substantially all of the assets of which consist of stock or securities in one or more Foreign Subsidiaries.

10. Choice of Law. This Addendum shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law principles.

11. Ratification; Conflicts. Any and all conflicts or inconsistencies between the terms and provisions of this Addendum and the Credit Agreement shall be governed and controlled by the terms and provisions of this Addendum. Except as modified hereby, the Credit Agreement and the Security Agreement remain in full force and effect according to their terms.

12. Effectiveness. Upon execution of this Addendum by the New Subsidiary, this Addendum shall become immediately effective and enforceable as to such New Subsidiary and all of the Original Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum and agreed to the provisions contained herein effective as of , 200 .

NEW SUBSIDIARY: ,
a

By:

Name:
Title:

[NEW SUBSIDIARY PARENT ,
a

By:

Name:
Title:]

PARENT: DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

By:

Name:
Title:

ATTACHMENT A

ADDITIONAL INFORMATION REGARDING THE NEW SUBSIDIARY

The following Schedules as described in the Credit Agreement:

Schedule 3.01	Organization
Schedule 3.03	No Violations
Schedule 3.05	No Undisclosed Liabilities
Schedule 3.06	Litigation
Schedule 3.07	Compliance with Law
Schedule 3.08	Material Contracts
Schedule 3.09	Properties
Schedule 3.10	Intellectual Property
Schedule 3.12	Environmental Compliance
Schedule 6.02	Existing Liens
Schedule 6.05	Permitted Investments
Schedule 6.08(j)	Permitted Affiliate Agreements
Schedule 6.09	Restrictive Agreements
[Schedule 9.10	**Jurisdiction Specific Provisions] [If applicable]**

The following Annexes as described in the Security Agreement:

Annex 1	Securities Collateral
Annex 2	Filing Offices
Annex 3	Debtor Information
Annex 4	Previous Names and Transactions
Annex 5	Offices and Locations of Records

[3. The following schedule as described in the Share Pledge Agreement:

Schedule I	***Pledged Shares]***

Entity Documents
Provide a copy of all organizational documents, including, as applicable:

- Evidence of Formation/Registration
- Governing Documents/Bylaws
- Authorizing Resolutions/Consents
- Incumbency Certificates

ATTACHMENT B

EQUITY INTERESTS OWNED BY THE [NEW SUBSIDIARY] PARENT IN NEW SUBSIDIARY

ATTACHMENT C

**EQUITY INTERESTS OWNED BY THE NEW SUBSIDIARY
IN ITS WHOLLY OWNED SUBSIDIARIES**

EXHIBIT 1.1C

MANDATORY COST

1. The Mandatory Cost is an addition to the interest rate to compensate Euro Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Euro Administrative Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Euro Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Euro Administrative Agent as a weighted average of the Eurocurrency Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Euro Lender in the relevant Euro Loan) and will be expressed as a percentage rate per annum.

3. The Additional Cost Rate for any Euro Lender lending from a facility office in a Participating Member State will be the percentage notified by that Euro Lender to the Euro Administrative Agent. This percentage will be certified by that Euro Lender in its notice to the Euro Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of that Euro Lender's participation in all Euro Loans made from that facility office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that facility office.

4. The Additional Cost Rate for any Euro Lender lending from a facility office in the United Kingdom will be calculated by the Euro Administrative Agent as follows:

(a) in relation to a sterling Loan:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)}$$ per cent. per annum

(b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300}$$ per cent. per annum.

Where:

A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Euro Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

B is the percentage rate of interest (excluding the Applicable Margin and the Mandatory Cost) and, if the Euro Loan is an unpaid sum, the Default Rate payable for the relevant Interest Period on the Euro Loan.

C is the percentage (if any) of Eligible Liabilities which that Euro Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

D is the percentage rate per annum payable by the Bank of England to the Euro Administrative Agent on interest bearing Special Deposits.

E is designed to compensate Euro Lenders for amounts payable under the Fees Rules and is calculated by the Euro Administrative Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Euro Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Exhibit:

(a) "Eligible Liabilities" and "Special Deposits" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "Fees Rules" means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(c) "Fee Tariffs" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);

(d) "Reference Bank" means the Euro Administrative Agent and any other bank or financial institution appointed as such by the Euro Administrative Agent under this Agreement in consultation with the Euro Borrowers; and

(e) "Tariff Base" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Euro Administrative Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Euro Administrative Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Euro Lender shall supply any information required by the Euro Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Euro Lender shall supply the following information on or prior to the date on which it becomes a Euro Lender:

(a) the jurisdiction of its facility office; and

(b) any other information that the Euro Administrative Agent may reasonably require for such purpose.

Each Euro Lender shall promptly notify the Euro Administrative Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Euro Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Euro Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Euro Lender notifies the Euro Administrative Agent to the contrary, each Euro Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a facility office in the same jurisdiction as its facility office.

10. The Euro Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over or under compensates any Euro Lender and shall be entitled to assume that the information provided by any Euro Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Euro Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Eurocurrency Lenders on the basis of the Additional Cost Rate for each Euro Lender based on the information provided by each Euro Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Euro Administrative Agent pursuant to this Exhibit in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Euro Lender shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.

13. The Euro Administrative Agent may from time to time, after consultation with the Euro Borrowers and the Euro Lenders, determine and notify to all parties hereto any amendments which are required to be made to this Exhibit in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

EXHIBIT 1.1D

FORM OF
COMMITMENT INCREASE AGREEMENT

This Commitment Increase Agreement dated as of , 20 (this "Agreement") is among (i) Dynamic Materials Corporation (the "Parent"), (ii) JPMorgan Chase Bank, N.A., in its capacity as US administrative agent (the "US Administrative Agent") under the Amended and Restated Credit Agreement dated as of December 21, 2011 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms that are defined in the Credit Agreement and not defined herein are used herein as therein defined) among the Parent, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, the US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A., as Documentation Agent, (iii) the **[US/Foreign]** Guarantors party hereto (the "Guarantors") and (iv) (the "Increasing Lender").

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.19 of the Credit Agreement, the Parent has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the total Commitments under the Credit Agreement by agreeing with a Lender to increase that Lender's Commitment.

B. The Parent has given notice to the US Administrative Agent of its intention to increase the total Commitments pursuant to such Section 2.19 by increasing the **[US/Euro/Canadian]** Commitment of the Increasing Lender from to (1), and the US Administrative Agent is willing to consent thereto.

Accordingly, the parties hereto agree as follows:

SECTION 1. Increase of Commitment. Pursuant to Section 2.19 of the Credit Agreement, the **[US/Euro/Canadian]** Commitment of the Increasing Lender is hereby increased from to .

SECTION 2. Increasing Lender Credit Decision. The Increasing Lender acknowledges that it has, independently and without reliance upon any Agent or any Lender and based on the financial statements referred to in Section 3.04 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and to agree to the various matters set forth herein. The Increasing Lender also acknowledges that it will, independently and without reliance upon any Agent or any Lender and based on such documents and information as it shall deem appropriate

(1) Amount of increase must be at least $5,000,000, €3,000,000 or C$1,000,000, as applicable.

at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

SECTION 3. Acknowledgement. The US Administrative Agent hereby acknowledges the increase in the **[US/Euro/Canadian]** Commitment of the Increasing Lender effectuated hereby.

SECTION 4. Representations and Warranties of the Parent. The Parent represents and warrants as follows:

(a) The execution, delivery and performance by the Parent of this Agreement are within the Parent's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Parent's certificate of incorporation or bylaws or (ii) any agreement to which the Parent is a party where such contravention could reasonably be expected to result in a Material Adverse Effect.

(b) No consent, waiver, approval, exemption, authorization or other action of any Person is required for the valid execution, delivery and performance by the Parent of this Agreement except such (i) as have been obtained or made and are in full force and effect, and (ii) those required in the ordinary course of business of the Parent in order to comply with requirements of applicable Law.

(c) This Agreement constitutes a legal, valid and binding agreement of the Parent enforceable against the Parent in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

(d) At the time of delivery of the Commitment Increase Notice, no Default, Event of Default or Material Adverse Change had occurred and was continuing.

SECTION 5. Representations and Warranties of the Guarantors. Each Guarantor represents and warrants as follows:

(a) The execution, delivery and performance by it of this Agreement are within the Parent's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) its articles or certificate of incorporation, bylaws, partnership agreement, limited liability company agreement or other organization documents, as applicable, or (ii) any agreement to which it is a party where such contravention could reasonably be expected to result in a Material Adverse Effect.

(b) No consent, waiver, approval, exemption, authorization or other action of any Person is required for the valid execution, delivery and performance by it of this Agreement except such (i) as have been obtained or made and are in full force and effect, and (ii) those required in the ordinary course of its business in order to comply with requirements of applicable Law.

(c) This Agreement constitutes a legal, valid and binding agreement of it enforceable against it in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

SECTION 6 Effectiveness. This Agreement shall become effective as of the date first above written upon the receipt by the US Administrative Agent of the following:

(a) counterparts of this Agreement executed by the Parent, the Guarantors, the US Administrative Agent and the Increasing Lender; and

(b) a certified copy of the corporate resolutions of the Parent and the **[US/Euro/Canadian]** Borrower**[s]** approving the increase in the **[US/Euro/Canadian]** Commitment and the execution, delivery and performance of this Agreement in a form reasonably acceptable to the US Administrative Agent.

SECTION 7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York.

SECTION 8. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts and may be delivered in original, facsimile or pdf form, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 9. Expenses. The Parent agrees to pay all reasonable out-of-pocket expenses incurred by the S Administrative Agent in connection with this Agreement as required by Section 10.03 of the Credit Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunder duly authorized, as of the date first above written.

PARENT:

DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

GUARANTORS:

[INSERT US/FOREIGN GUARANTORS, AS APPLICABLE]

US ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A.
as US Administrative Agent

By: _____
Name: _____
Title: _____

INCREASING LENDER:

[NAME OF INCREASING LENDER]

By: _____
Name: _____
Title: _____

EXHIBIT 1.1E

FORM OF
NEW LENDER AGREEMENT

This New Lender Agreement dated as of [ ] (this "Agreement") is among (i) Dynamic Materials Corporation (the "Parent"), (ii) JPMorgan Chase Bank, N.A., in its capacity as US administrative agent (the "US Administrative Agent") under the Amended and Restated Credit Agreement dated as of December 21, 2011 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms that are defined in the Credit Agreement and not defined herein are used herein as therein defined) among the Parent, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, the US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A., as Documentation Agent, (iii) the Guarantors party hereto (the "Guarantors"), and (iv) ("New Lender").

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.19 of the Credit Agreement, the Parent has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the total Commitments under the Credit Agreement by offering to the Lenders and other banks and financial institutions the opportunity to participate in all or a portion of the increased Commitments.

B. The Parent has given notice to the US Administrative Agent of its intention to increase the total Commitments pursuant to such Section 2.19 by increasing the US, Euro and Canadian Commitments by $[ ], €[ ] and C$[ ](1) and the existing Lenders have failed to subscribe to all of such increased Commitment.

C. The New Lender desires to become a Lender under the Credit Agreement and extend Loans to the Borrowers in accordance with the terms thereof and the US Administrative Agent, each Issuing Lender and each Swingline Lender are willing to consent thereto.

Accordingly, the parties hereto agree as follows:

SECTION 1. Loan Documents. The New Lender hereby acknowledges receipt of copies of the Credit Agreement and the other Loan Documents.

SECTION 2. Joinder to Credit Agreement. By executing and delivering this Agreement, the New Lender hereby agrees (i) to become a party to the Credit Agreement as a Lender as defined therein and (ii) to be bound by all the terms, conditions, representations, and

(1) Amount of increase must be at least $5,000,000, €3,000,000 or C$1,000,000, as applicable.

warranties of the Credit Agreement and the other Loan Documents applicable to Lenders, and all references to the Lenders in the Loan Documents shall be deemed to include the New Lender. Without limiting the generality of the foregoing, the New Lender hereby agrees to make US, Euro and Canadian Loans to the US, Euro and Canadian Borrowers and to acquire participations in US, Euro and Canadian Letters of Credit and US and Euro Swingline Loans from time to time during the Availability Period in an aggregate principal amount that will not result in the New Lender's US Credit Exposure exceeding its US Commitment, its Euro Credit Exposure exceeding its Euro Commitment or its Canadian Credit Exposure exceeding its Canadian Commitment. The US Commitment of the New Lender shall be $[ ](2), the Euro Commitment of the New Lender shall be €[ ](3) and the Canadian Commitment of the New Lender shall be C$[ ](4).

SECTION 3. New Lender Credit Decision. The New Lender acknowledges that it has, independently and without reliance upon any Agent or any Lender and based on the financial statements referred to in Section 3.04 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and to agree to the various matters set forth herein. The New Lender also acknowledges that it will, independently and without reliance upon any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

SECTION 4. Consent. Each of the US Administrative Agent, each Issuing Lender and each Swingline Lender hereby consents to the participation of the New Lender in the increased Commitments.

SECTION 5. Representation and Warranties of the Parent. The Parent represents and warrants as follows:

(a) The execution, delivery and performance by the Parent of this Agreement are within the Parent's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Parent's certificate of incorporation or bylaws or (ii) any agreement to which the Parent is a party where such contravention could reasonably be expected to result in a Material Adverse Effect.

(b) No consent, waiver, approval, exemption, authorization or other action of any Person is required for the valid execution, delivery and performance by the Parent of this Agreement except such (i) as have been obtained or made and are in full force and effect, and (ii) those required in the ordinary course of business of the Parent in order to comply with requirements of applicable Law.

(c) This Agreement constitutes a legal, valid and binding agreement of the Parent enforceable against the Parent in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors'

(2) Must be at least $5,000,000.
(3) Must be at least €3,000,000.
(4) Must be at least C$1,000,000.

rights and remedies generally and to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

(d) At the time of delivery of the Commitment Increase Notice, no Default, Event of Default or Material Adverse Change had occurred and was continuing.

SECTION 6. Representations and Warranties of the Guarantors. Each Guarantor represents and warrants as follows:

(a) The execution, delivery and performance by it of this Agreement are within the Parent's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) its articles or certificate of incorporation, bylaws, partnership agreement, limited liability company agreement or other organization documents, as applicable, or (ii) any agreement to which it is a party where such contravention could reasonably be expected to result in a Material Adverse Effect.

(b) No consent, waiver, approval, exemption, authorization or other action of any Person is required for the valid execution, delivery and performance by it of this Agreement except such (i) as have been obtained or made and are in full force and effect, and (ii) those required in the ordinary course of its business in order to comply with requirements of applicable Law.

(c) This Agreement constitutes a legal, valid and binding agreement of it enforceable against it in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

SECTION 7. Effectiveness. This Agreement shall become effective as of the date first above written upon the receipt by the US Administrative Agent of the following:

(a) Counterparts of this Agreement executed by the Parent, the Guarantors, the US Administrative Agent, each Issuing Lender, each Swingline Lender and the New Lender;

(b) an Administrative Questionnaire, duly completed by the New Lender;

(c) any documentation required to be delivered by the New Lender pursuant to Section 2.16 of the Credit Agreement, duly completed and executed by the New Lender; and

(d) a certified copy of the corporation resolutions of the Parent and the Borrowers approving the increase in the Commitments and the execution, delivery and performance of this Agreement in a form reasonably acceptable to the US Administrative Agent.

SECTION 8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 9. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts and may be

delivered in original, facsimile or pdf form, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 9. Expenses. The Parent agrees to pay all reasonable out-of-pocket expenses incurred by the US Administrative Agent in connection with this Agreement as required by Section 10.03 of the Credit Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunder duly authorized, as of the date first above written.

PARENT:

DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

GUARANTORS:

[INSERT NAMES OF ALL GUARANTORS]

JPMORGAN CHASE BANK, N.A.
as US Administrative Agent, US Issuing Lender and US Swingline Lender

By: _____
Name: _____
Title: _____

J.P. MORGAN EUROPE LIMITED,
as Euro Issuing Lender and Euro Swingline Lender

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as Canadian Issuing Lender

By: _____
Name: _____
Title: _____

NEW LENDER:

[NAME OF NEW LENDER]

By: _____
Name: _____
Title: _____

EXHIBIT 2.03

FORM OF
REQUEST FOR BORROWING

[US Administrative Agent in the case of a Eurodollar or ABR Borrowing]

JPMorgan Chase Bank, N.A.
Loan and Agency Services Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Attention: Robin Bailey
Alternative: Jeremy Stank
Facsimile: (312) 385-7102

[Euro Administrative Agent in the case of a Eurocurrency Borrowing]

J.P. Morgan Europe Limited
125 London Wall
London
England EC2Y 5AJ
Attention: Agency
Facsimile: 44 207 777 2360

[Canadian Administrative Agent in the case of a CDOR or Canadian Prime Borrowing]

JPMorgan Chase Bank, N.A., Toronto Branch
[ ]
[ ]
[ ]
Attention: [ ]
Facsimile: [ ]

Re: Amended and Restated Credit Agreement dated as of December 21, 2011 (the "Credit Agreement"), by and among Dynamic Materials Corporation, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A, as Documentation Agent

Ladies and Gentlemen:

Pursuant to the Credit Agreement, the undersigned Borrower hereby makes the requests indicated below:

(a) Amount of Borrowing:

(b) Requested funding date:

(c) Class of Borrowing:

US Borrowing

Euro Borrowing

Canadian Borrowing

(d) Type of Borrowing:

ABR Borrowing

Eurodollar Borrowing

Eurocurrency Borrowing

Canadian Prime Borrowing

CDOR Borrowing

(e) Requested Interest Period for Eurodollar Borrowing, Eurocurrency Borrowing or CDOR Borrowing:

(f) Location and number of account to which funds are to be disbursed:

Each of the undersigned certifies that [s]he is an authorized officer of the undersigned Borrower and as such [s]he is authorized to execute this request on behalf of the undersigned Borrower. The undersigned Borrower represents and warrants that (i) the undersigned Borrower is entitled to receive the requested Borrowing under the terms and conditions of the Credit Agreement and that no Default or Event of Default has occurred and is continuing or will occur as a result of the making of requested Borrowing; (ii) no Material Adverse Effect has occurred since the date of the most recent Borrowing and (iii) the representations and warranties of each Obligor set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects as of the date of the Borrowing requested hereby; provided that to the extent any such representation or warranty was made as of a specific date, such representation and warranty shall be true and correct in all material respects as of such specific date.

Each capitalized term used but not defined herein shall have the meaning assigned to such term in the Credit Agreement.

Very truly yours,

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT 2.07

FORM OF
INTEREST ELECTION REQUEST

[US Administrative Agent in the case of a Eurodollar or ABR Borrowing]

JPMorgan Chase Bank, N.A.
Loan and Agency Services Group
10 South Dearborn, 7th Floor
Chicago, Illinois 60603
Attention: Robin Bailey
Alternative: Jeremy Stank
Facsimile: (312) 385-7102

[Euro Administrative Agent in the case of a Eurocurrency Borrowing]

J.P. Morgan Europe Limited
125 London Wall
London
England EC2Y 5AJ
Attention: Agency
Facsimile: 44 207 777 2360

[Canadian Administrative Agent in the case of a CDOR or Canadian Prime Borrowing]

JPMorgan Chase Bank, N.A., Toronto Branch
[ ]
[ ]
[ ]
Attention: [ ]

Re: Amended and Restated Credit Agreement dated as of December 21, 2011 (the "Credit Agreement"), by and among Dynamic Materials Corporation, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A, as Documentation Agent

Ladies and Gentleman:

Pursuant to the Credit Agreement, the undersigned Borrower hereby makes the requests indicated below:

(a) The Borrowing to which this Interest Election Request applies is as follows:

(i) Date of Borrowing: .

(ii) Class of Borrowing: .

(iii) Type of Borrowing: .

(iv) Interest Period: .

(v) Aggregate amount to be [converted] [continued]: .

(b) The effective date of the election made pursuant to this Interest Election Request is .

(c) The Borrowing resulting from this Interest Election Request shall be a Borrowing.

(d) The Interest Period applicable to the resulting Borrowing is .

Each of the undersigned certifies that [s]he is an authorized officer of the undersigned Borrower and as such [s]he is authorized to execute this request on behalf of the undersigned Borrower. The undersigned Borrower represents and warrants that (i) the undersigned Borrower is entitled to receive the requested Borrowing under the terms and conditions of the Credit Agreement and that no Default or Event of Default has occurred and is continuing or will occur as a result of the making of requested Borrowing; (ii) no Material Adverse Effect has occurred since the date of the most recent Borrowing and (iii) the representations and warranties of each Obligor set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects as of the date of the Borrowing requested hereby; provided that to the extent any such representation or warranty was made as of a specific date, such representation and warranty shall be true and correct in all material respects as of such specific date.

Each capitalized term used but not defined herein shall have the meaning assigned to such term in the Credit Agreement.

Very truly yours,

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT 5.01(c)

FORM OF
COMPLIANCE CERTIFICATE

The undersigned hereby certifies that [s]he is a Financial Officer of Dynamic Materials Corporation, a Delaware corporation (the "Parent") and that as such [s]he is authorized to execute this certificate on behalf of the Parent. With reference to the Amended and Restated Credit Agreement dated as of December 21, 2011 (the "Credit Agreement"), by and among the Parent, the US Borrowers party thereto, the Euro Borrowers party thereto, the Canadian Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as US Administrative Agent, J.P. Morgan Europe Limited, as Euro Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, KeyBank National Association, as Syndication Agent and Wells Fargo Bank, N.A, as Documentation Agent, the undersigned represents and warrants as follows (each capitalized term used herein having the same meaning given to it in the Credit Agreement unless otherwise specified):

(a) The representations and warranties of the Obligors contained in the Credit Agreement and in the other Loan Documents were true and correct in all material respects when made, and are repeated at and as of the time of delivery hereof and to the best of the undersigned's knowledge are true and correct in all material respects at and as of the time of delivery hereof, except for such representations and warranties as are by their express terms limited to a specific date.

(b) No Default has occurred or is continuing, or if a Default has occurred, the details thereof and any action taken or proposed to be taken with respect thereto are specified on Exhibit A attached hereto.

(c) There have been no changes in GAAP or the application thereof since the date of the last audited financial statements delivered pursuant to Section 5.01(a) of the Credit Agreement, or if any change has occurred, the effect such change would have on the financial statements accompanying this certificate is set forth on Exhibit A attached hereto.

(d) Calculations for all financial covenants are set forth in the worksheet attached hereto as Exhibit B.

EXECUTED AND DELIVERED this day of .

DYNAMIC MATERIALS CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT A

DEFAULTS; CHANGES IN GAAP

EXHIBIT B

FINANCIAL COVENANT CALCULATION WORKSHEET

($ in 000's)

	Calculation	Covenant Requirement
Fixed Charge Coverage Ratio	x	2.0 to 1.0
Leverage Ratio	x	See Note 1
Fixed Charge Coverage Ratio: for the trailing four quarter period measured as of the last day of the fiscal quarter ended , 20		
(i) Consolidated EBITDA for such trailing four quarter period		
to		
(ii) Fixed Charges for such trailing four quarter period		
Leverage Ratio: for the trailing four quarter period measured as of the last day of the fiscal quarter ended , 20		
(i) Consolidated Funded Indebtedness of the Parent on the last day of the trailing four quarter period		
to		
(ii) Consolidated Pro Forma EBITDA of the Parent for such trailing four quarter period		

Note:

1. Required Leverage Ratio: (i) <2.25 to 1.0 for the period from the Effective Date through December 31, 2013, and (ii) <2.0 to 1.0 thereafter.

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Location
DYNAenergetics Canada Inc	Alberta, Canada
DYNAenergetics Beteiligungs GmbH	Burbach, Germany
DYNAenergetics GmbH & Co KG	Burbach, Germany
DYNAenergetics Holding GmbH	Burbach, Germany
DYNAenergetics NA, LLC	Colorado, USA
DYNAenergetics RUS	Moscow, Russia
DYNAenergetics US, Inc	Texas, USA
Dynamic Materials Luxembourg 1 S.a r.L	Luxembourg, Luxembourg
Dynamic Materials Luxembourg 2 S.a r.L	Luxembourg, Luxembourg
Dynaplat GmbH & Co KG	Burbach, Germany
Dynaplat Holdings GmbH	Burbach, Germany
KAZ DYNAenergetics	Aktobe City, Kazakhstan
Nitro Metall Aktiebolag	Likenas, Sweden
Nobelclad Europe S.A.	Rivesaltes, France
Perfoline	Tyumen, Russia

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-115563) pertaining to Dynamic Materials Corporation's Employee Stock Purchase Plan,

(2) Registration Statement (Form S-8 No. 333-143355) pertaining to Dynamic Materials Corporation's Stock Incentive Plan and Equity Incentive Plan, and

(3) Registration Statement (Form S-3 No. 333-150231) of Dynamic Materials Corporation and the related Prospectus;

of our reports dated March 9, 2012, with respect to the consolidated financial statements and schedules of Dynamic Materials Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Dynamic Materials Corporation and subsidiaries included in this Annual Report (Form 10-K) of Dynamic Materials Corporation for the year ended December 31, 2011.

/s/ Ernst & Young LLP

Denver, Colorado
March 9, 2012

Exhibit 31.1

CERTIFICATIONS

I, Yvon Pierre Cariou, certify that:

1. I have reviewed this annual report on Form 10-K of Dynamic Materials Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 9, 2012

/s/ Yvon Pierre Cariou
Yvon Pierre Cariou
President and Chief Executive Officer
of Dynamic Materials Corporation

Exhibit 31.2

CERTIFICATIONS

I, Richard A. Santa, certify that:

1. I have reviewed this annual report on Form 10-K of Dynamic Materials Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 9, 2012

/s/ Richard A. Santa
Richard A. Santa
Senior Vice President and Chief Financial Officer
of Dynamic Materials Corporation

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dynamic Materials Corporation (the "Company") on Form 10-K for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yvon Pierre Cariou, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 9, 2012

/s/ Yvon Pierre Cariou
Yvon Pierre Cariou
President and Chief Executive Officer
of Dynamic Materials Corporation

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dynamic Materials Corporation (the "Company") on Form 10-K for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Santa, Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 9, 2012

/s/ Richard A. Santa
Richard A. Santa
Senior Vice President and Chief Financial Officer
of Dynamic Materials Corporation

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.