

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

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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, 2014

☐ **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 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

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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 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 under the Act). Yes ☐ No ☒

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant was \$292,888,226 as of June 30, 2014.

The number of shares of Common Stock outstanding was 14,146,109 as of March 13, 2015.

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 2014 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, 2014.

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Explanatory Note Regarding Restatement

In this Annual Report on Form 10-K for our fiscal year ended December 31, 2014, we are restating audited financial statements, including the consolidated financial position as of December 31, 2013 and the consolidated results of our operations, comprehensive income (loss), stockholders' equity and our cash flows for each of the two years in the period ended December 31, 2013. Additionally, the Company has included in Note 13 "Selected Quarterly Financial Data (unaudited)," restated interim financial information for the four quarters included in the fiscal year ended December 31, 2013 and the first three quarters included in the fiscal year ended December 31, 2014, along with reconciliations of the previously issued annual and quarterly financial information to the restated information.

We are restating our financial statements and related disclosures to correct non-cash errors reported in our historical consolidated financial statements related to income tax expense and related deferred tax assets and liabilities at our business entities in Germany as well as other adjustments, which were immaterial. In November 15, 2007, we acquired DynaEnergetics under a newly created German subsidiary DynaEnergetics Holding GmbH ("Holding Co"). Subsequent to the acquisition we recognized income tax expense or benefits for German federal and local income tax purposes and paid cash taxes accordingly for Holding Co. However, we incorrectly had been deferring the recognition of the income tax expense or benefit in our calculation of net income for purposes of U.S. GAAP reporting.

The non-cash impact of the restatement and other adjustments decreased income from continuing operations by \$1,036 thousand in 2013 and \$919 thousand in 2012. The cumulative effect of the errors increased shareholders' equity by \$237 thousand as of December 31, 2013. The restatement only impacted the income tax provision (benefit) line item in our consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively. The restatement had no impact on the Company's revenues, did not affect the Company's cash balances and has no effect on the Company's future operations.

We also concluded that a material weakness in internal control over financial reporting existed for deficiencies due to insufficient processes and controls around income tax accounting, and that our disclosure controls were not effective solely because of this material weakness. As such, we have modified our discussion of disclosure controls and procedures included in Item 9A and our report on internal control over financial reporting contained in this annual report on Form 10-K to disclose how the restatement affected our chief executive officer's and chief financial officer's assessment of internal controls over financial reporting.

We have not amended our previously-filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Form 10-K, and the financial statements and related financial information contained in such previously-filed reports should no longer be relied upon.

Additional information on the restatement can be found in this report in:

- Item 1A. "Risk Factors";
- Item 6. "Selected Financial Data";
- Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- Item 8. "Financial Statements and Supplementary Data", Note 3 "Restatement of Previously-Issued Financial Statements"; and Note 13 "Selected Quarterly Financial Data (unaudited)";
- Item 9A. "Controls and Procedures"

PART I

ITEM 1. Business

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.

Overview

Dynamic Materials Corporation operates a diversified family of technical product and process businesses serving the energy, industrial and infrastructure markets. Our businesses operate globally through an international network of manufacturing, distribution and sales facilities.

Today, our business segments consist of NobelClad (48% of 2014 net sales) and DynaEnergetics (52% of 2014 net sales).

NobelClad is a global leader in the production of explosion-welded clad metal plates for use in the construction of corrosion resistant industrial processing equipment and specialized transition joints. DynaEnergetics manufactures and distributes products utilized by the global oil and gas industry principally for the perforation of oil and gas wells.

Our Strategy

Our diversified business segments each provide a suite of unique technical products to niche segments of the global energy, industrial and infrastructure markets; and each of our businesses has established a strong or leading position in the markets in which it participates. With an underlying focus on free-cash flow generation, our objective is to sustain and grow the market share of our businesses through geographic expansion, development of new applications, and research and development of new and adjacent products that can be sold across our global network of sales and distribution facilities. We also intend to explore potential acquisitions of complementary businesses that could strengthen or add to our existing product and service portfolio, or expand our geographic footprint and market presence.

Business Segments

NobelClad

Clad metal plates are typically used in the construction of heavy, corrosion resistant pressure vessels and heat exchangers. Clad metal plates consist of a thin layer of an expensive, corrosion resistant cladding metal, such as titanium or stainless steel, which is metallurgically combined with a less expensive structural backing metal, such as carbon steel. For heavy equipment, clad plates generally provide an economical alternative to building the equipment solely of a corrosion resistant alloy.

There are three major industrial clad plate manufacturing technologies: Explosion Welding, Hot Rollbonding and Weld Overlay. Explosion welding, the technology utilized by NobelClad, is the most versatile of the clad plate manufacturing methods. Created using a robust cold welding technology, explosion-welded clad products exhibit high bond strength combining the corrosion resistance and mechanical properties of the cladding material with the backer material respectively. The explosion-welded clad process is suitable for joining virtually any combination of common engineering metals. This represents a competitive advantage versus the hot rollbonding and weld overlay processes, which generally can only clad compatible metals such as nickel alloys and stainless steels.

Explosion-welded clad metal is produced as flat plates or concentric cylinders, which can be further formed and fabricated into a broad range of industrial processing equipment or specialized transition joints. When fabricated properly, the two metals will not come apart, as the bond zone is generally stronger than the parent metals. 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 broad range of metals to steel, including aluminum, titanium, zirconium, nickel alloys and stainless steels.

Clad Metal End Use Markets

Explosion-welded clad metal is primarily used in the construction of large industrial processing equipment that is subject to high pressures and temperatures and/or corrosive processes. Explosion welded clad plates also can be cut into transition joints, which are used to facilitate conventional welding of dissimilar metals. The eight broad industrial sectors discussed below comprise the bulk of demand for NobelClad's products. This demand is driven by the underlying need for both new equipment and facility maintenance in these primary market sectors.

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 more corrosive fields has 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, such as titanium and zirconium.

Petroleum refining processes frequently are corrosive, 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, refinery capacity utilization is high; 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: Some alternative energy technologies involve conditions that necessitate clad metals. Solar panels predominantly incorporate high purity silicon. Processes for manufacturing 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 conducted under high pressures or temperatures, corrosion resistant equipment is needed. One of the larger applications for 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 processes for production of nickel, gold, and copper involve acids, high pressures, and high temperatures; and titanium-clad plates are used extensively for construction of associated 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, which are typically replaced after approximately five years in service. Although aluminum production is the major electrochemical application for NobelClad 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 demand for our aluminum-steel transition joints, which serve as the juncture between a ship's upper and lower structures. 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. Since aluminum cannot be welded directly to steel using traditional welding processes, and since bolted joints between aluminum and steel corrode quickly in seawater, explosion welded transition joints are a common solution. NobelClad's transition joints have been used in the construction of 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 fluid 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.

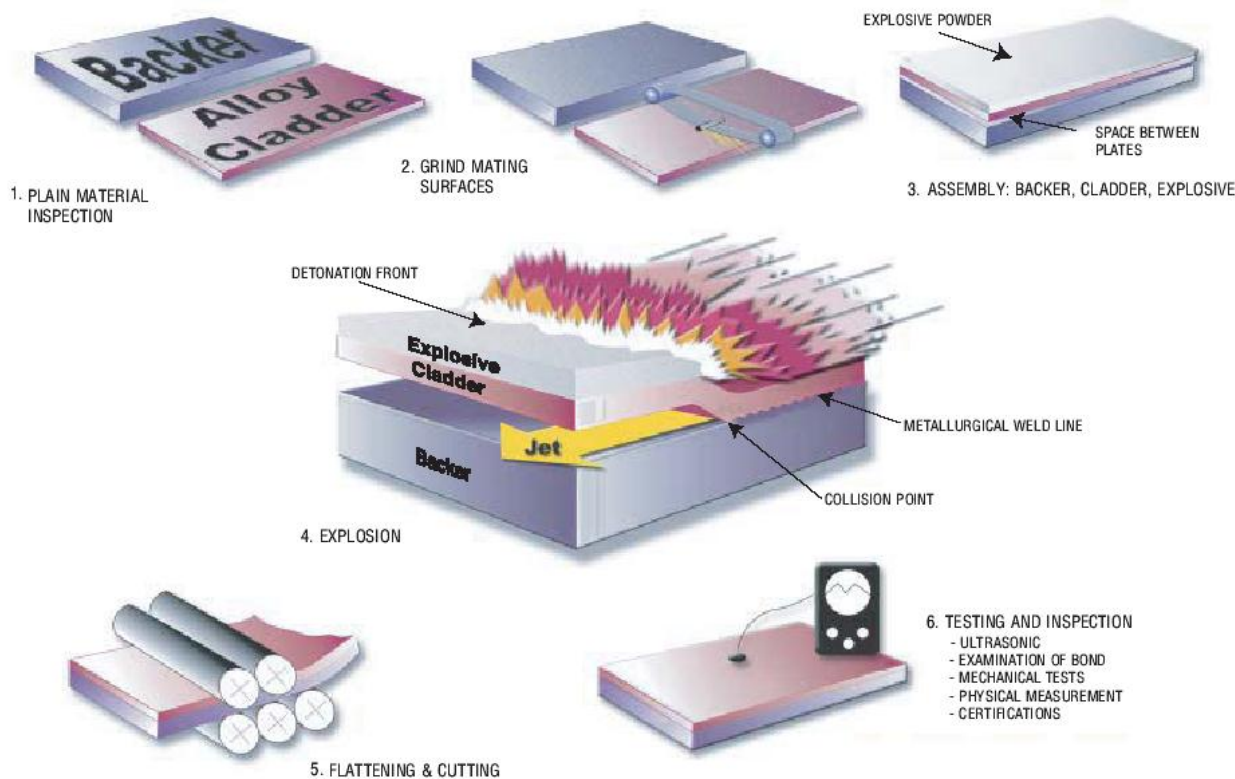
Operations

The NobelClad segment seeks to build on its leadership position in its markets. During the three years ended December 31, 2012, 2013 and 2014, the NobelClad segment represented approximately 60%, 59% and 48% of our revenue, respectively. The three manufacturing plants and their respective shooting sites in Pennsylvania, Germany and France provide the production capacity to address concurrent projects for NobelClad's North American and international customer base.

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, or "cladder," bonded to a steel backing plate. Prior to the explosion-welding 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 with a layer of specifically formulated explosive. A small gap or "standoff space" is maintained between the cladder and backer using small metal spacers. 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, as well as the spacers, 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.

EXPLOSION-WELDING PROCESS



Explosion-welded cladding technology is a method for welding metals that cannot be joined using conventional welding processes, such as titanium-steel, aluminum-steel, and aluminum-copper. Explosion welding also can 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, NobelClad 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 often result in the discarding of the expensive raw material metals. NobelClad's technological expertise is a significant advantage in preventing costly waste.

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

Suppliers and Raw Materials

NobelClad's operations involve a range of alloys, steels and other materials, such as stainless steel, copper alloys, nickel alloys, titanium, zirconium, tantalum, aluminum and other metals. NobelClad sources its raw materials from a number of different producers and suppliers. It 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 NobelClad's customers. NobelClad 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. NobelClad also manufactures a majority of its own explosives from standard raw materials, thus achieving higher quality and lower cost.

Competition

Metal Cladding. NobelClad faces competition from two primary alternative cladding technologies: Hot-Rollbonding and Weld Overlay. Usually the three processes do not compete directly, as each has 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. In this process, the clad metal and base metal are bonded 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.

The weld overlay process, which is produced by the many vessel fabricators that are often also NobelClad customers, is a slow and labor-intensive process that requires a large amount of floor space for the equipment. 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 three to four 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.

Explosion-Welded Metal Cladding. Competition in the explosion-welded clad metal business is fragmented. NobelClad holds a strong market position in the clad metal industry. It is the leading producer of explosion-welded clad products in North America, and has a strong position in Europe against smaller competitors. NobelClad's 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 Korea and China, most of which have been technically limited and have offered limited exports outside of their domestic markets. A number of additional small explosion-welding competitors operate throughout the world. To remain competitive, NobelClad intends to continue developing and providing technologically advanced manufacturing services, maintaining quality levels, offering flexible delivery schedules, delivering finished products on a reliable basis and competing favorably on the basis of price.

Customer Profile

NobelClad'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. NobelClad's customers in these industries require metal products that can withstand exposure to corrosive materials, high temperatures and high pressures. NobelClad's customers can be divided into three tiers: the product end users (e.g., operators of chemical processing plants), the engineering contractors that design and construct plants for end users, and the metal fabricators that manufacture the products or equipment that utilize NobelClad's metal products. It is typically the fabricator that places the purchase order with NobelClad and pays the corresponding invoice. NobelClad has developed strong relationships over the years with the engineering contractors (relatively large companies) that sometimes act as prescriptor to fabricators.

Marketing, Sales, Distribution

NobelClad conducts its selling efforts by marketing its services to potential customers' 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. NobelClad'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. During 2012 and 2013 NobelClad opened direct sales offices in South Korea and China to address these markets. These sales teams are further supported by local sales offices in the Middle East and India, with contract agents in most other developed countries, including

Russia and Brazil. Contract agents typically work under multi-year agreements which are subject to sales performance as well as compliance with NobelClad 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 NobelClad's products, NobelClad endeavors to have its products specified as early as possible in the design process.

NobelClad's sales are generally shipped from its manufacturing locations in the United States, Germany and France. Generally, any shipping costs or duties for which NobelClad 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.), NobelClad will produce it, capacity permitting, at the location closest to the delivery place. In the event that there is a short-term capacity issue, NobelClad produces the order at any of its production sites, prioritizing timing. The various production sites allow NobelClad to meet customer production needs in a timely manner.

Research and Development

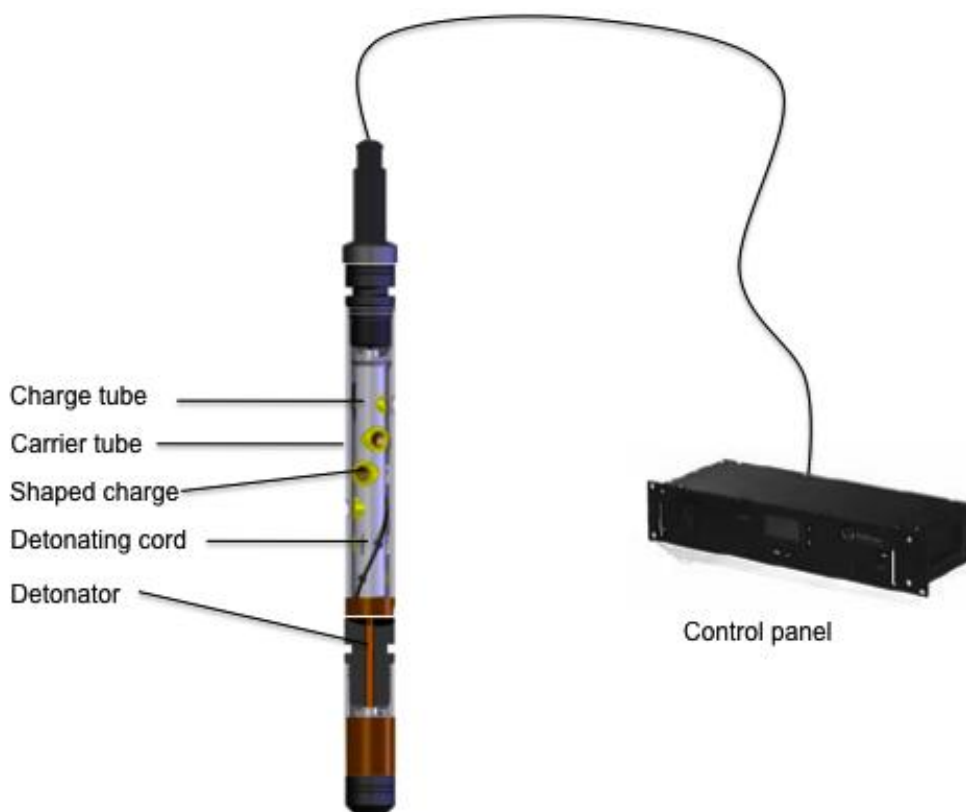
We prepare a formal research and development plan annually. It is implemented at our French, German, and U.S. cladding sites and is supervised by a Technical Committee that reviews progress quarterly and meets once a year to establish the plan for the following 12 months. The research and development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

DynaEnergetics

DynaEnergetics manufactures, markets, and sells perforating explosives and associated hardware, as well as seismic explosives, for the international oil and gas industry. The oil and gas industry uses perforating products to punch holes in the casing or liner of wells to connect them to the surrounding reservoir. During the drilling process, steel casing and cement are inserted into the well to isolate and support the wellbore. As part of the well completion process, the perforating guns, which contain a series of specialized shaped charges, are lowered into the well to the desired area of the targeted formation. Once fired, the shaped charges shoot a plasma jet through the casing and cement and into the formation. The resulting channels in the formation allow hydrocarbons to flow into the wellbore.

DynaEnergetics manufactures and sells the five primary components of a perforating system, which are: 1) carrier tubes and charge tubes, 2) shaped charges, 3) detonating cord, 4) detonators, and 5) control panels.

PRIMARY COMPONENTS OF A PERFORATING GUN



The perforating products manufactured by DynaEnergetics are essential to certain types of modern oil and gas recovery. These products are sold to large, mid-sized, and small oilfield service companies in the U.S., Europe, Canada, South America, Africa, the Middle East, and Asia, including direct sales to end users. The market for perforating products has grown in recent years. Rising worldwide demand for oil and gas increases the demand for perforating products used in exploration and recovery. High levels of exploration (seismic prospecting) and increased production activities in both conventional and unconventional oil and gas fields around the globe are expected to continue. Expanding exploration activity has led to increasingly complex well completion operations, which in turn, has increased the demand for high quality and technically advanced perforating products.

Operations

The DynaEnergetics segment seeks to build on its products and technologies, as well as its sales, supply chain and distribution network. During the three years ended December 31, 2012, 2013 and 2014, the DynaEnergetics segment represented approximately 40%, 41% and 52% of our revenue, respectively.

DynaEnergetics has been producing detonating cord and 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 through research and development, as well as acquisitions. In recent years, various types of detonating cord and detonators have been added as well as bi-directional boosters, a wide range of shaped charges, and corresponding gun systems.

In recent years, DynaEnergetics has introduced a number of new technologies designed for safe and selective perforating. Our Radio Frequency-Safe Detonator Systems require a specific electronic code for firing and are immune to induced currents and voltages, static electricity and high-frequency irradiation. This eliminates the risk of oilfield accidents from unintentional

firing. This safety feature enables concurrent perforating and fracturing processes at drilling sites with multiple wellbores, improving operating efficiencies for our customers.

With selective technologies the operator can sequentially initiate multiple perforating guns in a single run, resulting in significant time and cost savings. DynaEnergetics' Selectronic Switches provide high reliability through a microprocessor based switch design. The Selectronic switch and software operate in conjunction with our RF-Safe Detonators, Multitronic Firing Panels and a standard PC to enable up to 12 initiation devices per run. DynaEnergetics' Multitronic Firing Panels are installed in our customer's service fleet vehicles to control and sequence perforating operations. The control panels and switches provide uninterrupted communication with all detonators in the gun assembly and enable positive indication of gun firing along with selective control.

Our DynaSelect products combine our Selectronic Switches and RF-Safe Detonator technologies in a one-piece system for improved well site efficiency, reliability, simplicity and service quality. The fully integrated design incorporates advanced software controls and reduces the size of the detonator and switch assembly. DynaSelect reduces by 40% the number of electrical connections required within each perforating gun versus prior detonator models. This improves set-up times and reliability. The DynaSelect switch detonator is controlled by our Multitronic IV Firing Panel. This system enables safe and reliable firing of up to 20 guns in a single run and incorporates a signal output function to monitor the movement and position of the tool string.

Our DynaSlot system is designed for well abandonment. During abandonment the wellbore is shut in and permanently sealed so that layers of sedimentary rock, and in particular freshwater aquifers, are pressure isolated. DynaSlot creates complete 360 degree access behind the tubing and casing, which is preferred for plug and abandonment cement squeeze operations.

DynaEnergetics Tubing Conveyed Perforating, or TCP, systems are customized for individual customer needs and well applications. TCP enables perforating of more complex highly deviated and horizontal wells. These types of wells are being increasingly drilled by the industry. TCP tools also perforate long intervals in a single trip, which significantly improves rig efficiency. Our TCP tool range includes mechanical and hydraulic firing systems, gun releases, under-balancing devices and auxiliary components. Our tools are designed to withstand down hole temperatures of up to 260 degrees Celsius, for safe and quick assembly at the well site, and to allow unrestricted total system length.

DynaEnergetics's manufacturing facilities are located in Germany, Canada, the United States and Russia. During 2013 DynaEnergetics completed a new shaped charge manufacturing facility in Blum, Texas and a perforating gun manufacturing facility in Tyumen, Siberia. A new shaped charge manufacturing facility is under construction in Tyumen, Siberia and is scheduled to be operational in late 2015. These investments have significantly expanded our global capacity for shaped charge and perforating gun production and improve our delivery and customer service capabilities.

Suppliers and Raw Materials

DynaEnergetics' product offering consists of complex components that require numerous high-end inputs. 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 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 and from each of the industry's three largest oil and gas service companies, which produce most of their own shaped charges but also buy other perforating components and specialty products from independent suppliers such as DynaEnergetics. DynaEnergetics competes for sales primarily on customer service, product quality, reliability, product performance, price and, in North America, proximity of distribution centers to oilfield drilling activity.

Customer Profile

DynaEnergetics' perforating and seismic products are purchased by large, mid-sized and small oilfield service companies working in both onshore and offshore oil and gas fields. Our customers select perforating products based on their ability to address a broad spectrum of factors, including pressures and temperatures in the borehole and geological characteristics of the targeted formation. We believe that our customers must balance costs, productivity and risks for every job.

The customers for our oilfield products can be divided into four broad categories: purchasing centers of large service companies, service companies worldwide, oil companies with and without their own service companies, and local resellers.

Marketing, Sales, Distribution

DynaEnergetics' worldwide marketing and sales efforts for its oilfield and seismic products are based in Troisdorf, Germany, with regional sales headquarters in Austin, Texas for the Americas and Tyumen, Siberia for the CIS. DynaEnergetics' sales strategy focuses on direct selling, distribution through licensed distributors and independent sales representatives, the establishment of international distribution centers to better service our customers, and educating current and potential customers about our products and technologies. Currently, DynaEnergetics sells its oilfield and seismic products through wholly owned affiliates in the U.S., Canada, Colombia, Russia and Kazakhstan; and through independent sales agents in other parts of the world. DynaEnergetics serves the Americas region through its network of sales and distributions centers in the United States, Canada and Colombia.

DynaEnergetics also designs and manufactures custom-ordered perforating products for third-party customers according to their designs and specifications.

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 Plan, which focuses on new technology, products, process support and contracted projects, is prepared and reviewed at least annually.

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 1976. In 1994, it 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-welded clad process developed by DuPont in 1959. In 1996, the Company purchased the Detaclad® operating business from Dupont.

In 2001, the Company acquired substantially all of the stock of Nobelclad Europe SA, a French company ("Nobelclad France"). Early in its history, Nobelclad France was a licensee of the Detaclad® technology. The acquisition of Nobelclad France 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 produces and distributes perforating equipment for use by the oil and gas exploration and production industry.

In 2010, the Company purchased the outstanding minority-owned interests in its two Russian joint ventures, which produces and sells perforating gun systems. In 2010, the Company also completed its acquisition of Texas-based Austin Explosives Company (Austin Explosives), which is now part of the Company's DynaEnergetics business segment.

In 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 DynaEnergetics business segment.

In 2013, the Company branded its explosive metalworking operations under the single name NobelClad. The NobelClad segment is comprised of the Company's U.S. Clad operations as well as the explosion metalworking assets and operations purchased in the Nobelclad France and DYNAenergetics acquisitions. Also in 2013, the Company branded the oilfield products segment as DynaEnergetics, which is comprised entirely of DYNAenergetics (other than its explosion metalworking operations), its subsidiaries and sister companies.

In 2014, the Company sold its specialty welding business, AMK Technical Services ("AMK"), which was acquired in 1997 and in recent years contributed approximately 5% of the Company's consolidated annual revenue. Also in 2014, the Company acquired a modern manufacturing and office complex in Liebenscheid, Germany. The facility is designed to enhance NobelClad's manufacturing capabilities and is expected to ultimately serve as a state-of-the-art production and administrative resource for NobelClad's European operations.

Employees

As of December 31, 2014, we employed 503 employees (226 U.S. employees and 277 foreign 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. 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 experienced two work stoppages, which lasted for three days in November 2014 and 8 days in December 2014, respectively, at NobelClad's production facility in Rivesaltes, France. The stoppages related to a consolidation program of NobelClad's European explosion welding operations. A restructuring agreement with the labor union at Rivesaltes was reached in January 2015, at which point work was restarted. We currently 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 potential 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®, 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.

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.

Foreign and Domestic Operations and Export Sales

All of our sales are shipped from our manufacturing facilities and distribution centers located in the United States, Germany, France, Canada, Russia and Kazakhstan. The following chart represents our net sales based on the geographic location to where we shipped the product, regardless of the country of the actual end user. NobelClad products are usually shipped to the fabricator before being passed on to the end user.

(Dollars in Thousands)			
For the years ended December 31,			
	2014	2013	2012
United States	\$ 91,009	\$ 88,532	\$ 71,155
Canada	23,532	18,142	21,083
Iraq	11,348	4,243	1,756
Russia	7,992	5,992	6,472
Germany	7,721	9,208	13,992
India	7,617	8,888	3,874
South Korea	7,362	11,642	9,469
France	5,478	3,756	6,249
China	1,800	606	7,986
Kazakhstan	1,551	2,513	2,359
Rest of the world	37,151	48,538	48,342
Total	\$ 202,561	\$ 202,060	\$ 192,737

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.dmcglobal.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 our NobelClad Segment

NobelClad operates a cyclical business and its sales are down significantly from its 2008 peak.

NobelClad operates a somewhat cyclical business. Beginning in late 2008 and continuing through 2010, NobelClad's sales in some of its markets slowed down, resulting in declines of 31.2% and 26.5% in 2009 and 2010 sales respectively. While NobelClad's sales increased in 2011, its annual sales for 2012 and 2013 were 40.9% and 39.3%, respectively, below the amount of its peak sales in 2008. Its 2014 annual sales (50.2% below peak sales) were the lowest since the 2008 peak. At December 31, 2007 and 2008, order backlog was \$100.0 million and \$97.2 million, respectively. Year-end backlog was \$46.4 million, \$36.9 million and \$41.2 million, respectively, in 2012, 2013 and 2014. The explosion-welded 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 cyclicity, general economic conditions or other factors-could impact capital expenditures within that industry. If demand from such 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. The percentage increase or decrease in NobelClad's annual sales may be substantially greater or less than the change in backlog at the previous year-end.

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 NobelClad shooting sites or DynaEnergetics manufacturing facilities" under "Risk Factors Related to Dynamic Materials Corporation" below.

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 NobelClad uses are subject to price increases due to general economic conditions.

The markets for certain metals and other raw materials used by NobelClad 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

Prices and pricing trends of oil and natural gas affect the level of exploration, development, and production activity of DynaEnergetics' customers, which could materially adversely affect DynaEnergetics' sales and economic performance.

The oil and gas industry is unpredictable and has historically been subject to occasional downturns. Demand for DynaEnergetics' products is linked to the level of exploration, development, and production activity of, and the corresponding capital spending by, oil and natural gas companies and oilfield services companies. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty,

and a variety of other economic factors that are beyond our control. Any prolonged reduction in oil and natural gas prices or expectations about lower future prices will depress the immediate levels of exploration, development, and production activity, which could negatively impact DynaEnergetics' sale of products and economic performance.

The adoption of any future laws or regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could cause a decrease in natural gas and oil well perforating and could materially adversely affect DynaEnergetics' sales and economic performance.

DynaEnergetic's perforating products are used for oil and gas well hydraulic fracturing processes, among other uses. Various federal, state and local legislative and regulatory initiatives have been undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. The adoption of these or other laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to use hydraulic fracking for natural gas and oil well development, which would reduce the demand for some of DynaEnergetic's products and could have a material adverse effect on its sales and financial performance.

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.

If DynaEnergetics is unable to obtain all required permits from governmental agencies it will be unable to begin operations at the manufacturing facility it is constructing in Russia.

DynaEnergetics currently imports shaped charges into Russia for sale to its customers and is subject to limitations on the quantities it can import into the country. As the quantities it may import are expected to be further reduced over the coming years, in 2012 DynaEnergetics acquired property and began constructing a shaped charge manufacturing facility in Tyumen, Siberia, Russia to serve its customers in Russia and neighboring countries. Construction of the manufacturing facility is nearly complete and DynaEnergetics plans for it to be operational by late 2015. Before the facility may begin manufacturing explosive shaped charges, however, the Company must receive a number of permits, licenses and other approval from a variety of governmental entities and agencies at the local, state and federal levels. Regulatory authorities often exercise considerable discretion in the enforcement and interpretation of applicable laws, regulations and standards as well as in approving and issuing permits, licenses and consents, and there can be no assurance that all of the necessary permits, licenses and approvals will be received in a timely manner to permit manufacturing to commence as planned. Russia is currently experiencing economic and political instability that could affect the functioning of its governmental agencies and regulatory authorities. If DynaEnergetics experiences a significant delay in commencing its operations, the delay will adversely affect its financial results and its planned strategy to increase sales in the Russian and neighboring countries' oil and gas market. Failure to receive all of the necessary permits, licenses and approvals could result in an impairment of the investment in this new manufacturing facility.

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.

Risk Factors Related to Dynamic Materials Corporation

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

We use a large amount of explosives in connection with the creation of clad metals and manufacturing of perforating shaped charges and detonation cord. The use of explosives is an inherently dangerous activity. Explosions, even if occurring as intended, can lead to damage to the shooting site or manufacturing 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 shooting site or manufacturing facility 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.

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

NobelClad supplies 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 NobelClad products. Similarly, any decrease in oil and gas well drilling activities will reduce the sales of our DynaEnergetics products. 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 significant orders by 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 such as the Russian Ruble. Sales made in currencies other than U.S. dollars accounted for 32%, 36%, and 39% of total sales for the years ended 2014, 2013, and 2012, respectively. 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. Our primary exposure to foreign currency risk is the Euro due to the percentage of our U.S. dollar revenue that is derived from countries where the Euro is the functional currency and the Russian Ruble due to our greenfield investment in Tyumen, Siberia.

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; 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. 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 NobelClad'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. Economic downturns in these industries could have a material adverse effect on our business, financial condition, and results of operations.

DynaEnergetics 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 and other oil-producing countries with unsettled economic or political situations, could have a material adverse effect on DynaEnergetics' business and operating results.

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 and perforating 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 and in South Korea that appear to be growing significantly in their domestic market. 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.

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 the countries where our manufacturing facilities are located. 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 France may be particularly vulnerable to noise abatement regulations because these operations are primarily conducted outdoors. The Dillenburg, Germany 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.

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, Russia and Kazakhstan, 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 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 the countries where we operate 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. We recently experienced a total of eleven days work stoppage at our facility in Rivesaltes, France related to the consolidated program of NobelClad's European explosion welding operations. 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. Besides the work stoppage at our France facility previously mentioned, we have not experienced a strike or work stoppage at any other location 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.

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, 2014, had an outstanding balance of approximately \$22.8 million. This credit agreement was amended and restated in February 2015. Our credit agreement includes various covenants and restrictions, certain of which relate to the incurrence of additional indebtedness; mortgaging and pledging or disposition of major assets. 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, 2014, 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.

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.

We have identified material weaknesses in our internal control over financial reporting related to the restatement of previously-issued financial statements. The material weakness could, if not remediated, result in additional material misstatements in our consolidated financial statements.

We have identified material material weaknesses in our internal control over financial reporting and have restated our previously-issued financial statements. These material weaknesses and the resulting restatement may affect investor confidence in the accuracy of our financial disclosures. Although we are working to remedy the ineffectiveness of the Company's internal control over financial reporting, there can be no assurance as to when the remediation plan will be fully developed, when it will be fully implemented or the aggregate cost of implementation. Until our remediation plan is fully implemented, our management will continue to devote significant time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk of additional material weaknesses in the Company's internal control over financial reporting, which may also reduce investor confidence in the Company. For more information relating to the Company's internal control over financial reporting (and disclosure controls and procedures) and the remediation plan undertaken by us, see Part II, Item 9A, "Controls and Procedures."

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, 2022.

NobelClad

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. NobelClad 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 date 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. In October 2014, NobelClad purchased a new manufacturing facility in Liebenseid, Germany which we expect will be operational in the second quarter of 2015. 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.

DynaEnergetics

DynaEnergetics leases a manufacturing site and sales office in Troisdorf, Germany. The lease expiration date for our Troisdorf manufacturing site is February 29, 2016 and for the sales office the lease expiration date is February 29, 2016. DynaEnergetics leases office and warehouse space in various cities throughout Alberta, Canada and also leases bunkers for storage of its explosives in various locations throughout Alberta, Canada. These agreements are on a month to month basis. In the United States, DynaEnergetics owns manufacturing sites in Texas and leases office and warehouse space in various cities throughout Texas, as well as Lafayette, Louisiana and New Mexico. We also lease storage bunkers in various locations in Texas, Arkansas, Louisiana and New Mexico which have month to month agreements. We also lease office and warehouse space in Moscow, Russia and other various cities throughout Russia and office and warehouse space in Aktobe, Kazakhstan.

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, 2022

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Mt. Braddock, Pennsylvania (a)	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	6.6 acres	Owned	
Rivesaltes, France	Clad Plate Manufacturing, Sales and Administration Office	49,643 sq. ft.	Owned	
Rivesaltes, France (b)	Clad Plate Manufacturing	Land around building: 61,354 sq. ft.	Leased	June 30, 2020, with renewal options
Rivesaltes, France (b)		Building: 11,302 sq. ft.	Leased	
Tautavel, France	Clad Shooting Site	116 acres	109 acres owned, 7 acres leased	December 31, 2016, with renewal options
Dillenburg, Germany	Clad Plate Shooting Site	11.4 acres	Owned	
		25,791 sq. ft.	Leased	August 31, 2016, with renewal options through August 31, 2021
Würgendorf, Germany (b)	Manufacturing	Land: 24.6 acres	Owned	
		Shooting site: 56,038 sq. ft.	Leased	August 31, 2016, with renewal options
		Building: 34,251 sq. ft.	Owned	
Würgendorf, Germany (b)	Sales and Administration Office	3,880 sq. ft.	Leased	March 31, 2016
Liebenscheid, Germany	Manufacturing	10.47 acres	Owned	

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Troisdorf, Germany	Manufacturing	263,201 sq. ft.	Leased	February 29, 2016, with renewal options through February 28, 2026
Troisdorf, Germany	Office	2,033 sq. ft.	Leased	February 29, 2016
Troisdorf, Germany	Office	6,135 sq. ft.	Leased	February 29, 2016
Edmonton, Alberta	Sales office and warehouse	24,000 sq. ft.	Leased	January 31, 2019
Edmonton, Alberta	Storage magazines	759 sq. ft.	Leased	Month to month agreement
Grande Prairie, Alberta	Sales office and warehouse	3,000 sq. ft.	Leased	December 31, 2015, with five year renewal options
Grande Prairie, Alberta	Storage magazines	144 sq. ft.	Leased	Month to month agreement
Lloydminster, Alberta (c)	Sales office and warehouse	5,460 sq. ft.	Leased	Month to month agreement
Lloydminster, Alberta (c)	Storage magazines	160 sq. ft.	Leased	Month to month agreement
Red Deer, Alberta	Sales office and warehouse	6,583 sq. ft.	Leased	October 31, 2016
Red Deer, Alberta	Storage magazines	168 sq. ft.	Leased	Month to month agreement
Bonnyville, Alberta	Sales office and warehouse	5,355 sq. ft.	Leased	April 30, 2019
Bonnyville, Alberta	Storage magazines	95 sq. ft.	Leased	April 30, 2015
Andrews, Texas	Office and warehouse	4,000 sq. ft.	Leased	December 31, 2016
Andrews, Texas	Land for magazines	600 sq. ft.	Leased	Month to month agreement
Austin, Texas	Office	2,400 sq. ft.	Leased	April 30, 2017
Lakeway, Texas	Office	5,412 sq. ft.	Leased	March 31, 2021
Blum, Texas	Office, warehouse, and manufacturing	16,800 sq. ft.	Owned	
Blum, Texas	Land for magazines	206.3 acres	Owned	
Bridgeport, Texas	Office and warehouse	4,000 sq. ft.	Leased	June 30, 2015
Bridgeport, Texas	Land for magazines	100 acres	Leased	Month to month agreement
Corpus Christi, Texas	Office and warehouse	6,000 sq. ft.	Leased	August 31, 2018
Rosharon, Texas	Office and warehouse	5,000 sq. ft.	Leased	August 31, 2015

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Rosharon, Texas	Land for magazines	.25 acres	Leased	August 31, 2015
Spicewood, Texas	Land for magazines	500 acres	Leased	December 31, 2015
Tyler, Texas	Office and warehouse	4,000 sq. ft.	Leased	Month to month agreement
Victoria, Texas	Office and warehouse	4,000 sq. ft.	Leased	June 30, 2015
Victoria, Texas	Storage magazine	4,000 sq. ft.	Leased	Month to month agreement
Whitney, Texas	Office, warehouse, and manufacturing	36,000 sq. ft.	Owned	
East Camden, Arkansas	Storage magazine	6,000 sq. ft.	Leased	Month to month agreement
Lafayette, Louisiana	Office and warehouse	6,800 sq. ft.	Leased	Month to month agreement
Beaux Bridge, Louisiana	Storage magazine	600 sq. ft.	Leased	Month to month agreement
Hobbs, New Mexico (c)	Office and warehouse	5,000 sq. ft.	Leased	Month to month agreement
Hobbs, New Mexico (c)	Storage magazines	600 sq. ft.	Leased	Month to month agreement
Dunbar, Pennsylvania	Storage magazines	400 sq. ft.	Owned	
Mt. Braddock, Pennsylvania	Storage magazines	120 sq. ft.	Owned	
Neiva, Colombia	Warehouse	54 sq. ft.	Leased	Month to month agreement
Russia, Nizhnetavdinskiy District	Land	59.7 acres	Leased	October 10, 2015
		1.6 acres	Leased	August 8, 2016
Russia, Nizhnetavdinskiy District	Office	9,860 sq. ft.	Owned	
Russia, Nizhnetavdinskiy District	Manufacturing	58,216 sq. ft.	Owned	
Moscow, Russia	Sales office	939 sq. ft.	Leased	June 30, 2014, subject for prolongation every year
Chapaevsk, Russia	Warehouse	3,000 sq. ft.	Leased	December 31, 2015
Noyabrsk, Russia	Warehouse	3,229 sq. ft.	Leased	December 31, 2015
Nizhnevartovsk, Russia	Warehouse	7,750 sq. ft.	Leased	March 31, 2015
Sheremetyevo, Russia (Mezdunarodnoye Shosse 9)	Warehouse	Any shipped quantity of goods	Leased	Not limited
Aktobe, Kazakhstan	Sales Office	548 sq. ft.	Owned	
Aktobe, Kazakhstan	Land (sales office)	0.09 acres	Owned	
Aktobe, Kazakhstan	Storage	1,076 sq. ft.	Leased	Subject for prolongation every year

Location	Facility Type	Facility Size	Owned/Leased	Expiration Date of Lease (if applicable)
Aktobe, Kazakhstan	Bunker	2,273 sq. ft.	Owned	
Aktobe, Kazakhstan	Land	19.76 acres	Leased	Year 2050
Aktobe, Kazakhstan	Land (power line)	0.5 acres	Leased	Year 2050

(a) The Mt. Braddock, Pennsylvania location is also used as a distribution center for our DynaEnergetics business segment.

(b) In connection with the purchase of the manufacturing facility in Liebenschied, Germany, the manufacturing facility and sales and administration office in Würgendorf, Germany and the leased property in Tautevel, France were closed in the first quarter of 2015.

(c) Closed in January 2015.

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.

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.

<u>2014</u>		<u>High</u>		<u>Low</u>
First Quarter	\$	24.00	\$	18.61
Second Quarter	\$	22.97	\$	18.12
Third Quarter	\$	23.45	\$	18.65
Fourth Quarter	\$	19.11	\$	14.84

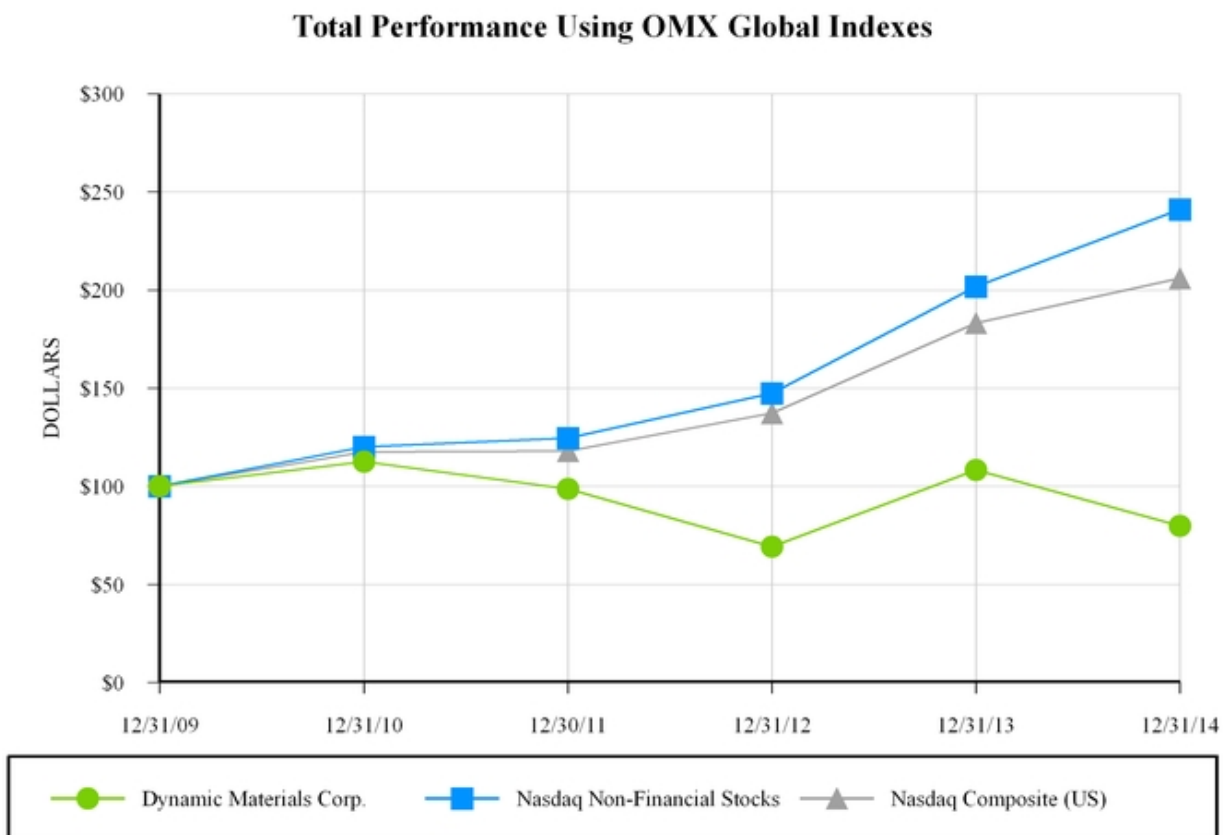
<u>2013</u>		<u>High</u>		<u>Low</u>
First Quarter	\$	18.87	\$	13.89
Second Quarter	\$	17.40	\$	15.19
Third Quarter	\$	24.09	\$	16.48
Fourth Quarter	\$	23.63	\$	20.91

As of March 13, 2015, there were approximately 298 holders of record of our common stock.

We declared and paid quarterly dividends aggregating \$0.16 per share dividend in each of 2014 and 2013. 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.

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 31, 2009, 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						
	12/31/09	12/31/10	12/30/11	12/31/12	12/31/13	12/31/14
Dynamic Materials Corp.	\$100	\$112.57	\$98.65	\$69.33	\$108.43	\$79.9
Nasdaq Non-Financial Stocks	\$100	\$120.14	\$124.54	\$147.39	\$201.81	\$240.97
Nasdaq Composite (US)	\$100	\$117.55	\$117.91	\$137.29	\$183.26	\$206.09

ITEM 6. Selected Financial Data

The following information as of and for the years ended December 31, 2013, 2012, 2011 and 2010 has been restated to reflect adjustments to our previously issued financial statements as more fully described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 3 "Restatement of Previously-Issued Financial Statements" to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

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 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. The 2012 selected financial data includes the operating results of TRX from the January 3, 2012, acquisition date through December 31, 2012, and the balance sheet information as of December 31, 2012. All years presented reflect the classification of AMK into discontinued operations.

We have not amended our previously-filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Form 10-K, and the financial statements and related financial information contained in such previously-filed reports should no longer be relied upon.

(Dollars in Thousands, Except Per Share Data)

Statement of Operations	Year Ended December 31,				
	2014	2013	2012	2011	2010
		Restated	Restated	Restated	Restated
Net sales	\$ 202,561	\$ 202,060	\$ 192,737	\$ 198,981	\$ 143,902
Gross profit	61,419	58,134	57,652	52,244	33,254
Cost and expenses	54,754	47,156	41,653	36,492	29,446
Restructuring expenses	6,781	—	—	—	—
Income from operations	6,665	10,978	15,999	15,752	3,808
Other income (expense), net	(826)	(1,169)	(851)	(1,409)	(402)
Income before income taxes, discontinued operations and non-controlling interest	5,839	9,809	15,148	14,343	3,406
Income tax provision (benefit)	3,913	3,736	5,316	4,075	(7)
Income from continuing operations	1,926	6,073	9,832	10,268	3,413
Income from discontinued operations	641	478	943	1,783	1,978
Net income (loss) attributable to non-controlling interest	—	92	(2)	(50)	(10)
Net income attributable to Dynamic Materials Corporation	\$ 2,567	\$ 6,459	\$ 10,777	\$ 12,101	\$ 5,401
Net income per share - Basic:					
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73	\$ 0.78	\$ 0.26
Discontinued operations	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.13	\$ 0.15
Net income	\$ 0.18	\$ 0.47	\$ 0.80	\$ 0.91	\$ 0.41
Net income per share - Diluted:					
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73	\$ 0.78	\$ 0.26
Discontinued operations	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.13	\$ 0.15
Net income	\$ 0.18	\$ 0.47	\$ 0.80	\$ 0.91	\$ 0.41
Dividends Declared per Common Share	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
Financial Position					
Total assets	219,329	240,545	235,206	213,574	201,470
Long-term debt	22,782	26,400	37,853	26,650	14,734

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 (000s).

Executive Overview

Our business is organized into two segments: NobelClad and DynaEnergetics. Prior to 2014, we were organized into three segments. At the beginning of 2014 management approved a change in operating structure whereby AMK would operate within and be managed as part of the Oilfield Products business segment. Consequently, we combined AMK and DynaEnergetics into one reportable business segment, Oilfield Products. AMK represented 3% of segment assets, 4% of consolidated sales and 2% of segment operating income as of and for the year then ended December 31, 2013. All prior periods segment disclosures have been restated to conform to the 2014 presentation.

On October 1, 2014 we completed the sale of our AMK business. We have reflected the results of AMK as discontinued operations in the consolidated statements of operations for all periods presented. Accordingly, historical consolidated statements of operations included in the Management's Discussion and Analysis of Financial Condition and Results of Operations have been restated to reflect the discontinued operation.

On October 23, 2014, we signed an agreement to purchase a manufacturing facility in the Siegerland region of Germany for €10,528. The facility will significantly enhance NobelClad's manufacturing capabilities and its ability to serve customers throughout Europe, the Middle East and Africa. We expect the plant will be operational in the second quarter of 2015.

On October 27, 2014, management announced a plan to restructure its NobelClad European operations. Clad metal plate production will be shifted from facilities in both Rivesaltes, France and Wurgendorf, Germany to the new manufacturing facility in Germany. NobelClad's Rivesaltes plant will continue to produce transition joints with a reduced workforce while the Wurgendorf site will be closed and its workers will be transferred to the new facility. In the fourth quarter of 2014, we incurred restructuring charges related this plan of \$6,781. The restructuring charges included severance of \$2,466, non-cash impairment charges of \$3,946 associated with the Wurgendorf facility and leasehold improvements at a leased facility in France, both of which are being closed under the consolidation program, and other exit costs of \$369. We expect to incur additional restructuring charges of approximately \$1,000 primarily related to equipment relocation in the first quarter of 2015.

In 2014, NobelClad accounted for 48% of our net sales and 13% of our income from operations before consideration of unallocated corporate expenses and stock-based compensation expense, which are not allocated to our business segments. DynaEnergetics accounted for 52% and 87% of our 2014 net sales and income from operations, respectively. In 2013 and 2012, NobelClad accounted for 59% and 60% of our net sales, respectively, and 79% and 73%, respectively, of income from operations before unallocated corporate expenses and stock-based compensation expense. In 2013 and 2012, DynaEnergetics accounted for 41% and 40% of our net sales, respectively, and 21% and 27%, respectively, of income from operations before unallocated corporate expenses and stock-based compensation expense.

Our 2014 net sales increased by \$501, or 0.2%, compared to 2013 net sales. Sales increased \$21,802 (26.1%) in our DynaEnergetics segment and decreased \$21,301 (18.0%) in our NobelClad segment. Excluding the impact of restructuring expenses in 2014 of \$6,781, our consolidated income from operations increased to \$13,446 in 2014 compared to \$10,978 in 2013. The \$2,468 improvement in consolidated income from operations was due to a \$9,973 increase in DynaEnergetics operating income and a \$649 decrease in aggregate unallocated corporate expenses and stock-based compensation, offset by a \$8,154 decline in NobelClad's operating income. The decrease in corporate expenses was driven by \$2,965 of non-recurring expenses in the first quarter of 2013 associated with management retirements. Consolidated operating income for 2014 and 2013 includes amortization expense of \$6,103 and \$6,348, respectively. Net income was \$2,567 for 2014 compared to net income of \$6,459 for 2013.

Restatement of Previously-Issued Financial Statements

On March 5, 2015, we concluded to restate our financial statements and related disclosures to correct non-cash errors reported in our historical consolidated financial statements related to income tax expense and related deferred tax assets and liabilities at our business entities in Germany as well as other adjustments, which were immaterial. The effects of the restatement are reflected in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and no prior disclosures were modified or updated except those required to reflect the effects of the restatement. See the Explanatory Note

included in the front section of the annual report on Form 10-K and Note 3 "Restatement of Previously-Issued Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

The errors arose from incorrect income tax accounting at our operations in Germany. In November 15, 2007 we acquired DynaEnergetics under Holding Co, a newly created German subsidiary. Subsequent to the acquisition we recognized income tax expense or benefits for German federal and local income tax purposes and paid cash taxes accordingly. However, we incorrectly had been deferring the recognition of the income tax expense or benefit in our calculation of net income for purposes of U.S. GAAP reporting.

The non-cash impact of the restatement and other adjustments decreased income from continuing operations by \$1,036 in 2013 and \$919 in 2012. The cumulative effect of the errors increased shareholders' equity by \$237 as of December 31, 2013. The restatement only impacted the income tax provision (benefit) line item in our consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively. The restatement had no impact on the Company's revenues, do not affect the Company's cash balances and have no effect on the Company's future operations.

We have not amended our previously-filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Form 10-K, and the financial statements and related financial information contained in such previously-filed reports should no longer be relied upon.

Net sales

NobelClad'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. These industries tend to be cyclical in nature and timing of new order inflow remains difficult to predict; however, we believe that our NobelClad segment is well-positioned in the marketplace.

Dynaenergetics markets and sells 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.

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 NobelClad 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 DynaEnergetics 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.

NobelClad Backlog

We use backlog as a primary means to measure the immediate outlook for our NobelClad business. We define "backlog" at any given point in time as 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 NobelClad backlog increased to \$41,244 at December 31, 2014 from \$36,930 at December 31, 2013.

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.

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 application of governmental regulation and oversight of our operations and products and the industries in which our customers operate;
- 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.

Year ended December 31, 2014 compared to Year Ended December 31, 2013

Net sales

	2014	2013	Change	Percentage Change
Net sales	\$ 202,561	\$ 202,060	\$ 501	0.2%

Net sales for 2014 increased 0.2% to \$202,561 from \$202,060 in 2013.

NobelClad sales decreased 18.0% to \$97,108 in 2014 (48% of total sales) from \$118,409 in 2013 (59% of total sales). The decrease in Nobelclad sales this period relates primarily to the lower backlog and timing of shipments out of backlog.

DynaEnergetics contributed \$105,453 to sales in 2014 (52% of total sales) compared to \$83,651 in 2013 (41% of total sales), which represents a sales increase of 26.1%. The increase in Oilfield products sales was driven by increased demand and favorable product and customer mix primarily from sales of our DynaSelect selective perforating detonator switch.

Gross profit

	2014	2013	Change	Percentage Change
Gross profit	\$ 61,419	\$ 58,134	\$ 3,285	5.7%
Consolidated gross profit margin rate	30.3%	28.8%		

Gross profit increased by 5.7% to \$61,419 in 2014 from \$58,134 in 2013. Our 2014 consolidated gross profit margin rate increased to 30.3% from 28.8% in 2013 primarily from a higher proportion of sales in DynaEnergetics, which has higher gross profit margins than NobelClad.

NobelClad's gross profit margin decreased from 25.4% in 2013 to 22.3% in 2014. The decrease in gross margin rate relates principally to lower sales volume and unfavorable manufacturing overhead absorption compared with 2013.

DynaEnergetics' gross profit margin increased to 38.0% in 2014 from 33.9% in 2013. The full year gross profit margin improved due to favorable price and mix including DynaSelect sales.

General and administrative expenses

	2014	2013	Change	Percentage Change
General and administrative expenses	\$ 23,766	\$ 24,672	\$ (906)	(3.7)%
Percentage of net sales	11.7%	12.2%		

General and administrative expenses decreased by \$906, or 3.7%, to \$23,766 in 2014 from \$24,672 in 2013. Excluding the impacts in 2013 of \$2,965 in non-recurring expenses associated with management retirements and a \$756 asset impairment charge related to an information system project in Russia, our general and administrative expenses increased by \$2,815 or 13.4% from an aggregate increase in salaries, benefits and payroll taxes of \$1,093, a \$976 increase in stock-based compensation expense and a \$327 increase in professional services. The increases were driven by year-over-year headcount additions to support business development initiatives, corporate branding and recruiting expenses. Excluding the impact of non-recurring management retirement and asset impairment expenses, general and administrative expenses, as a percentage of net sales, increased to 11.7% in 2014 from 10.4% in 2013.

Selling and distribution expenses

	2014	2013	Change	Percentage Change
Selling and distribution expenses	\$ 18,104	\$ 16,136	\$ 1,968	12.2%
Percentage of net sales	8.9%	8.0%		

Selling and distribution expenses increased by 12.2% to \$18,104 in 2014 from \$16,136 in 2013. The increase was primarily due to a \$1,000 aggregate increase in salaries, benefits and payroll taxes, a \$436 increase in bad debt expense mostly from favorable adjustments in the third quarter of 2013 and an increase of \$100 in stock-based compensation expense. As a percentage of net sales, selling and distribution expenses increased to 8.9% in 2014 compared to 8.0% in 2013.

Our 2014 consolidated selling and distribution expenses include \$5,928 and \$11,892 for our NobelClad and DynaEnergetics business segments, respectively. Our 2013 consolidated selling and distribution expenses include \$5,574 and \$10,378 for our NobelClad and DynaEnergetics business segments, respectively. The higher level of selling and distribution expenses for our DynaEnergetics segment relative to its contribution to our consolidated net sales reflects the strategy, particularly in North America, maintaining 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

	2014	2013	Change	Percentage Change
Amortization of purchased intangible assets	\$ 6,103	\$ 6,348	\$ (245)	(3.9)%
Percentage of net sales	3.0%	3.1%		

Amortization expense relates to the amortization of values assigned to intangible assets in connection with our prior years acquisitions of DYNAenergetics, LRI, the two Russian joint ventures, Austin Explosives and our January 3, 2012 acquisition of TRX, all part of our DynaEnergetics business segment. The \$245 decrease in 2014 amortization expenses reflects the impact of foreign currency translation effects and a slight decrease in Q4 2014 amortization expense associated with the DYNAenergetics acquisition based on the amortization schedule. Amortization expense for 2014 includes \$4,777, \$1,135, and \$191 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively. Amortization expense for 2013 includes \$5,021, \$1,136, and \$191 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 and the acquisition of the two Russian joint ventures is expected to approximate €2,235 and €145, respectively, in 2015. Our 2015 amortization expense associated with the Austin Explosives acquisition and the acquisition of TRX is expected to approximate \$435 and \$895, respectively, and our 2015 amortization expense (as measured in Canadian dollars) associated with the LRI acquisition is expected to approximate 80 CAD.

Restructuring expenses

	2014	2013	Change	Percentage Change
Restructuring expenses	\$ 6,781	\$ —	\$ 6,781	N/A

Restructuring expenses relate to our decision in the fourth quarter of 2014 to consolidate our NobelClad European operations. Clad metal plate production will be shifted from facilities in both Rivesaltes, France and Wurgendorf, Germany to a new manufacturing facility in Germany. NobelClad's Rivesaltes plant will continue to produce transition joints with a reduced workforce while the Wurgendorf site will be closed and its workers will be transferred to the new facility. The restructuring charges of \$6,781 included severance of \$2,466, non-cash impairment charges of \$3,946 associated with the Wurgendorf facility and leasehold improvements at a leased facility in France, both of which are being closed under the consolidation program, and other exit costs of \$369.

Operating income

	2014	2013	Change	Percentage Change
Operating income	\$ 6,665	\$ 10,978	\$ (4,313)	(39.3)%

Income from operations ("operating income") decreased by 39.3% to \$6,665 in 2014 from \$10,978 in 2013. Excluding the impact of restructuring expenses, our consolidated operating income for 2014 was \$13,446, an increase of \$2,468 or 22.5% over 2013. The above consolidated operating income totals for 2014 and 2013 include \$6,381 and \$7,217, respectively, of unallocated corporate expenses and \$3,588 and \$3,401, respectively, of stock-based compensation expense. These expenses are not allocated to our business segments and thus are not included in the below 2014 and 2013 operating income totals for NobelClad and DynaEnergetics.

The increase (after excluding restructuring) in our consolidated operating income for 2014 reflects an increase in operating income for our DynaEnergetics segment of \$9,973 and a decrease in unallocated corporate expenses of \$836, which were partially offset by a decrease of \$8,154 in the operating income reported by our NobelClad segment and an increase of \$187 in stock-based compensation. The aggregate net decrease of \$649 in unallocated corporate expenses and stock-based compensation expense primarily relates to the \$2,965 of non-recurring expenses in the first quarter 2013 associated with management retirements.

NobelClad reported operating income of \$2,155 for 2014 compared to \$17,090 for 2013. Excluding the impact of \$6,781 in restructuring expenses, NobelClad reported operating income of \$8,936 in 2014. Operating results of NobelClad for 2014 and 2013 include \$1,927 and \$2,121, respectively, of amortization expense of purchased intangible assets. The decrease in operating income for 2014 was attributable to lower sales and related unfavorable manufacturing overhead absorption discussed above.

DynaEnergetics' operating income of \$14,479 in 2014 compared to \$4,506 for 2013. Operating results of DynaEnergetics for 2014 and 2013 include \$4,176 and \$4,227, respectively, of amortization expense of purchased intangible assets. The increase in operating income for 2014 was largely attributable to the improved sales volumes and gross margin percentages as discussed above.

Other income (expense), net

	2014	2013	Change	Percentage Change
Other income (expense), net	\$ (313)	\$ (528)	\$ 215	(40.7)%

We reported net other expense of \$313 in 2014 compared to net other expense of \$528 in 2013. Our 2014 net other income includes net realized and unrealized foreign exchange losses of \$451 and net other income items aggregating \$138. Our 2013 net other income includes net realized and unrealized foreign exchange losses of \$836 and net other income items aggregating \$308.

Interest income (expense), net

	2014	2013	Change	Percentage Change
Interest income (expense), net	\$ (513)	\$ (641)	\$ 128	(20.0)%

We recorded net interest expense of \$513 in 2014 compared to net interest expense of \$641 in 2013. The small decrease reflects lower average outstanding borrowings in the first quarter of 2014 as interest rates remained relatively stable.

Income tax provision

	2014	2013	Change	Percentage Change
		Restated		
Income tax provision	\$ 3,913	\$ 3,736	\$ 177	4.7%
Effective tax rate	67.0%	38.1%		

See Note 3 "Restatement of Previously-Issued Financial Statements" to the Consolidated Financial Statements for information on the adjustments made related to the restatement of previously-issued financial statements.

We recorded an income tax provision of \$3,913 in 2014 compared with \$3,736 in 2013. Our 2014 effective tax rate of 67% includes valuation allowances of \$3,737 recorded in the second half of 2014 as described below, partially offset by favorable changes in tax law of \$1,376. Our 2013 effective tax rate was 38.1%. Our consolidated income tax provision for 2014 and 2013 included \$1,098 and \$810, respectively, related to U.S. taxes, with the remainder relating to net foreign tax provisions of \$2,815 in 2014 and \$2,926 in 2013, respectively, associated with our foreign operations and holding companies.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use existing deferred tax assets. A significant piece of objective negative evidence to be evaluated in this assessment is whether there is a three-year cumulative loss incurred in jurisdictions where there are deferred tax assets. We have incurred a three-year cumulative loss in two foreign jurisdiction resulting in local tax loss carryforwards. We also have tax loss carryforwards in another jurisdiction that we do not believe will be realized. As a result, we recorded a valuation allowance against the corresponding net deferred tax assets in the third and fourth quarters of 2014. The amount of the deferred tax assets considered realizable, however, could be adjusted during the carryforward period if positive evidence such as current and expected future taxable income outweighs negative evidence.

In January 2013, the United States Congress authorized, and the President signed into law, changes to the U. S. income tax laws which were retroactive to January 1, 2012. However, since these changes were enacted in 2013, the financial statement benefit of such legislation could not be reflected until the first quarter of 2013. The \$908 tax benefit was recognized in the first quarter of 2013. During the second quarter of 2013, we recorded a one-time tax expense of \$812 associated with a German tax audit settlement.

Our statutory income tax rates range from 20% to 35% for our various U.S. and foreign operating entities and holding companies. Fluctuations in our consolidated effective tax rate primarily reflect the different tax rates in our U.S. and foreign tax jurisdictions and the variation in contribution to consolidated pre-tax income from each jurisdiction for the respective year.

	2014	2013	Change	Percentage Change
Income from operations of discontinued operations, net of tax	\$ 641	\$ 478	\$ 163	34.1%

On October 1, 2014 we completed the sale of our AMK business. The net proceeds were \$6,830, after final purchase price adjustments, and the purchase was financed through \$4,330 in cash consideration and the issuance of a \$2,500 90-day secured promissory note to the Company which was paid in full by December 31, 2014. The excess of the selling price over the carrying value of \$1,476 was recorded in our Statement of Operations in the fourth quarter 2014.

AMK's net sales were \$4,540 and \$7,513 in 2014 and 2013, respectively. AMK had a loss from discontinued operations of \$77, net of tax of \$1 for 2014 compared to income from discontinued operations of \$478, net of tax of \$241 for 2013. In 2014 we recorded a gain on the sale of AMK of \$718, net of tax of \$758.

Adjusted EBITDA

	2014	2013	Change	Percentage Change
Adjusted EBITDA	\$ 30,188	\$ 26,555	\$ 3,633	13.7%

Adjusted EBITDA is a non-GAAP measure that we believe provides an important indicator of our ongoing operating performance. Our aggregate depreciation, amortization of purchased intangible assets, restructuring charges and stock-based compensation expense for 2014 and 2013 was \$23,523 and \$15,669, respectively. These aggregate 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 facilitate a more meaningful and accurate comparison of the operating performance of our two business segments than do certain GAAP measures. Research analysts, investment bankers and lenders also use EBITDA and Adjusted EBITDA to assess operating performance. In addition, during 2014, our management incentive awards were based, in part, upon the amount of EBITDA achieved during the year. A portion of the equity incentive awards granted in 2014 to our named executive officers will be based on the amount of Adjusted EBITDA achieved in 2014 and 2015. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBITDA.

	2014	2013 Restated
Net income attributable to DMC	2,567	6,459
Income from discontinued operations	(641)	(478)
Interest expense	551	648
Interest income	(38)	(7)
Provision for income taxes	3,913	3,736
Depreciation	7,051	5,920
Amortization of purchased intangible assets	6,103	6,348
EBITDA	19,506	22,626
Restructuring charges	6,781	—
Stock-based compensation	3,588	3,401
Other (income) expense, net	313	528
Adjusted EBITDA	30,188	26,555

Adjusted EBITDA increased 13.7% to \$30,188 in 2014 from \$26,555 in 2013 primarily due to the \$2,965 management retirement expenses in 2013.

Year ended December 31, 2013 compared to Year Ended December 31, 2012

Net sales

	2013	2012	Change	Percentage Change
Net sales	\$ 202,060	\$ 192,737	\$ 9,323	4.8%

Net sales for 2013 increased 4.8% to \$202,060 from \$192,737 in 2012. This \$9,323 sales increase includes a favorable foreign exchange translation adjustment of \$3,070 that relates principally to the strengthening of the Euro against the U.S. dollar during 2013. Excluding the impact of this foreign exchange adjustment, the increase in our 2013 consolidated net sales was 3.2%.

NobelClad sales increased 2.7% to \$118,409 in 2013 (59% of total sales) from \$115,333 in 2012 (60% of total sales). The \$3,076 increase in year-to-year NobelClad reflects the change in our beginning of the year backlog, which increased to \$46,398 at December 31, 2012 from \$44,564 at December 31, 2011, a favorable foreign exchange translation adjustment of \$1,595, and the impact of timing differences with respect to when orders enter our backlog and the subsequent shipment of these orders.

DynaEnergetics contributed \$83,651 to sales in 2013 (41% of total sales) compared to \$77,404 in 2012 (40% of total sales), which represents a sales increase of 8.1%. Since average North American rig count in the oil and gas industry was relatively flat during 2013 and 2012, the sales increase is largely attributable to geographical expansion initiatives, favorable changes in product/customer mix and a favorable foreign exchange translation adjustment of \$1,475.

Gross profit

	2013	2012	Change	Percentage Change
Gross profit	\$ 58,134	\$ 57,652	\$ 482	0.8%
Consolidated gross profit margin rate	28.8%	29.9%		

Gross profit increased by 0.8% to \$58,134 in 2013 from \$57,652 in 2012. Our 2013 consolidated gross profit margin rate decreased to 28.8% from 29.9% in 2012.

The gross profit margin for NobelClad decreased from 27.0% in 2012 to 25.4% in 2013. The decrease relates principally to changes in 2013 product mix as compared to 2012. As has been the case historically, we expect to see continued fluctuations in NobelClad's quarterly gross margin rates in the future that result from fluctuations in quarterly sales volume and changes in product/customer mix.

DynaEnergetics' gross margin decreased to 33.9% in 2013 from 34.7% in 2012. After performing a comprehensive review of DynaEnergetics inventories during 2013 to identify potentially excess, slow moving and obsolete inventory items, we determined that a change in our estimate of reserve requirements was required and recorded a year-to-year increase of \$1,800 (2.2% of sales) in our provision for excess, slow-moving and obsolete inventory. Excluding the negative impact of this increased inventory provision, the DynaEnergetics' gross margin would have improved to 36.1% in 2013 from 34.7% in 2012 as result of favorable changes in product/customer mix.

General and administrative expenses

	2013	2012	Change	Percentage Change
General and administrative expenses	\$ 24,672	\$ 18,489	\$ 6,183	33.4%
Percentage of net sales	12.2%	9.6%		

General and administrative expenses increased by \$6,183, or 33.4%, to \$24,672 in 2013 from \$18,489 in 2012. Excluding the impacts of \$2,965 in non-recurring expenses associated with management retirements and a \$756 asset impairment charge related to an information system project in Russia, our general and administrative increased \$2,462 or 13.3%. This increase includes an aggregate increase of \$797 in salaries, benefits and payroll taxes, an increase of \$1,212 in consulting/professional service expenses, including \$439 for our re-branding project, an increase of \$457 in business travel expenses, an increase of \$348 in other personnel costs (principally recruiting and relocation), and a net decrease of \$352 in all other expense categories. Excluding

the impact of non-recurring management retirement and asset impairment expenses, general and administrative expenses, as a percentage of net sales, increased to 10.4% in 2013 from 9.6% in 2012.

Selling and distribution expenses

	2013	2012	Change	Percentage Change
Selling and distribution expenses	\$ 16,136	\$ 16,954	\$ (818)	(4.8)%
Percentage of net sales	8.0%	8.8%		

Selling and distribution expenses decreased by 4.8% to \$16,136 in 2013 from \$16,954 in 2012. This decrease in our selling and distribution expenses includes decreases in stock-based compensation and commissions of \$917 and \$175, respectively, which were offset by increases in salaries, benefits and payroll taxes of \$222 and a net increase of \$52 in all other expense categories. The large decrease in 2013 stock-based compensation expense relates principally to the December 31, 2012 retirement of a senior sales executive for whom \$860 of stock-based compensation expense was recognized in 2012. As a percentage of net sales, selling and distribution expenses decreased to 8.0% in 2013 compared to 8.8% in 2012.

Our 2013 consolidated selling and distribution expenses include \$5,574 and \$10,378 for our NobelClad and DynaEnergetics business segments, respectively. Our 2012 consolidated selling and distribution expenses include \$6,795 and \$9,058 for our NobelClad and DynaEnergetics business segments, respectively. The higher level of selling and distribution expenses for our DynaEnergetics 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.

Amortization expenses

	2013	2012	Change	Percentage Change
Amortization of purchased intangible assets	\$ 6,348	\$ 6,210	\$ 138	2.2%
Percentage of net sales	3.1%	3.2%		

Amortization expense relates to the amortization of values assigned to intangible assets in connection with our prior years acquisitions of DYNAenergetics, LRI, the two Russian joint ventures, Austin Explosives and our January 3, 2012 acquisition of TRX, all part of our DynaEnergetics business segment. The \$138 increase in 2013 amortization expenses reflects the impact of foreign currency translation effects. Amortization expense for 2013 includes \$5,021, \$1,136, and \$191 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively. Amortization expense for 2012 includes \$4,924, \$1,101, and \$185 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively.

Operating income

	2013	2012	Change	Percentage Change
Operating income	\$ 10,978	\$ 15,999	\$ (5,021)	(31.4)%

Income from operations ("operating income") decreased by 31.4% to \$10,978 in 2013 from \$15,999 in 2012. The above consolidated operating income totals for 2013 and 2012 include \$7,217 and \$3,565, respectively, of unallocated corporate expenses and \$3,401 and \$4,443, respectively, of stock-based compensation expense. These expenses are not allocated to our business segments and thus are not included in the below 2013 and 2012 operating income totals for NobelClad and DynaEnergetics.

The \$5,021 decrease in our consolidated operating income for 2013 reflects a decrease of \$2,411 in the aggregate operating income reported by our two business segments, an increase in unallocated corporate expenses of \$3,652, and a decrease in stock-based compensation expense of \$1,042. The aggregate net increase of \$2,610 in unallocated corporate expenses and stock-based compensation expense includes \$2,965 of non-recurring expenses associated with management retirements, the majority of which relates to the March 1, 2013 retirement of Yvon Cariou, our former President and Chief Executive Officer, who was succeeded in this position by Kevin Longe, our former Chief Operating Officer who joined the Company in July 2012.

NobelClad reported operating income of \$17,090 in 2013 as compared to \$17,439 in 2012. This \$349 or 2.0% decrease in NobelClad's 2013 operating income reflects a small sales increase of 2.7% that was more than offset by a decline in the gross margin rate to 25.4% in 2013 from 27.0% in 2012. Operating results of NobelClad for 2013 and 2012 include \$2,121 and \$2,054, respectively, of amortization expense of purchased intangible assets.

DynaEnergetics reported operating income of \$4,506 in 2013 compared to operating income of \$6,568 in 2012. The \$2,062 decrease in operating income for our DynaEnergetics segment reflects a \$1,522 increase in gross profit that was more than offset by a \$3,584, or 17.7%, increase in total operating expenses. While DynaEnergetics reported a 2013 sales increase of \$6,247, or 8.1%, the gross profit increase was limited to \$1,522 (an incremental gross margin rate of 24.4%) due principally to the \$1,800 increase in the provision for excess, slow-moving and obsolete inventory that DynaEnergetics recorded in 2013 as further discussed above. Operating results of DynaEnergetics for 2013 and 2012 include \$4,227 and \$4,156, respectively, of amortization expense of purchased intangible assets.

Other income (expense), net

	2013	2012	Change	Percentage Change
Other income (expense), net	\$ (528)	\$ (32)	\$ (496)	1,550.0%

We reported net other expense of \$528 in 2013 compared to net other expense of \$32 in 2012. Our 2013 net other income includes net realized and unrealized foreign exchange losses of \$836 and net other income items aggregating \$308. Our 2012 net other expense includes net realized and unrealized foreign exchange losses of \$45 and net other income items aggregating \$13.

Interest income (expense), net

	2013	2012	Change	Percentage Change
Interest income (expense), net	\$ (641)	\$ (819)	\$ 178	(21.7)%

We recorded net interest expense of \$641 in 2013 compared to net interest expense of \$819 in 2012. The decreases in 2013 net interest expense reflects relatively stable interest rates, decreases in average outstanding borrowings during the year and an increase in capitalized interest on our greenfield capital investment projects in Russia and North America.

Income tax provision

	2013	2012	Change	Percentage Change
	Restated	Restated		
Income tax provision	\$ 3,736	\$ 5,316	\$ (1,580)	(29.7)%
Effective tax rate	38.1%	35.1%		

See Note 3 "Restatement of Previously-Issued Financial Statements" to the Consolidated Financial Statements for information on the adjustments made related to the restatement of previously-issued financial statements.

We recorded an income tax provision of \$3,736 in 2013 compared to \$5,316 in 2012. Our 2013 effective tax rate increased to 38.1% from 35.1% in 2012. Our consolidated income tax provision for 2013 and 2012 included \$810 and \$3,365, respectively, related to U.S. taxes, with the remainder relating to net foreign tax provisions of \$2,926 in 2013 and \$1,951 in 2012, respectively, associated with our foreign operations and holding companies.

Our statutory income tax rates range from 20% to 35% for our various U.S. and foreign operating entities and holding companies. In January 2013, the United States Congress authorized, and the President signed into law, changes to the U. S. income tax laws which were retroactive to January 1, 2012. However, since these changes were enacted in 2013, the financial statement benefit of such legislation could not be reflected until the first quarter of 2013. The \$908 tax benefit that we recognized in 2013 had a significant favorable impact on full year effective tax rate. During 2013, we also recorded a one-time tax expense of \$812 associated with a German tax audit settlement as further discussed below. Year-to-year fluctuations in our consolidated effective tax rate also reflect the different tax rates in our U.S. and foreign tax jurisdictions and the variation in contribution to consolidated pre-tax income from each jurisdiction for the respective year.

Tax returns of our German subsidiaries have been under routine examination by the German tax authorities for most of 2013. During 2013, German tax authorities proposed and we agreed to a settlement. The key provisions of the settlement resulted in a net reduction of the subsidiaries' loss carryforwards, which reduced the non-current deferred tax assets associated with these carryforwards that were recorded on our books. Thus, we recorded an additional \$812 in income tax expense to reflect these reductions. The settlement also resulted in an increase in the tax basis of our amortizable, intangible assets; however, under U.S. GAAP, this increase is not reflected in the financial statements. The tax savings from the increase in these assets will be realized by the Company over the next nine years as a reduction in the taxes payable.

Discontinued Operations

	2013	2012	Change	Percentage Change
Income from operations of discontinued operations, net of tax	\$ 478	\$ 943	\$ (465)	(49.3)%

On October 1, 2014, DMC completed the sale of its AMK business. Net sales for AMK was \$7,513 in 2013 compared to \$8,830 in 2012. AMK had income from discontinued operations of \$478, net of tax of \$241 in 2013 compared to income from discontinued operations of \$943, net of tax of \$461 in 2012.

Adjusted EBITDA

	2013	2012	Change	Percentage Change
Adjusted EBITDA	\$ 26,555	\$ 31,672	\$ (5,117)	(16.2)%

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 2013 and 2012 was \$15,669 and \$15,671, 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 facilitate a more meaningful and accurate 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. In addition, during 2013 and 2014, our management incentive awards will be based, in part, upon the amount of EBITDA achieved during the year. A portion of the equity incentive awards granted in 2014 to our named executive officers will be earned based on the amount of Adjusted EBITDA achieved in 2014 and 2015. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBITDA.

	2013 Restated	2012 Restated
Net income attributable to DMC	6,459	10,777
Income from discontinued operations	(478)	(943)
Interest expense	648	832
Interest income	(7)	(13)
Provision for income taxes	3,736	5,316
Depreciation	5,920	5,018
Amortization of purchased intangible assets	6,348	6,210
EBITDA	22,626	27,197
Stock-based compensation	3,401	4,443
Other (income) expense, net	528	32
Adjusted EBITDA	26,555	31,672

Adjusted EBITDA decreased 16.2% to \$26,555 in 2013 from \$31,672 in 2012 primarily due to the decrease in operating income of \$5,021 as discussed above.

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 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; (iii) continue selling products at attractive margins; and (iv) 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 provided revolving loan availability of \$36,000, 16,000 Euros and 1,500 Canadian dollars through a syndicate of four banks. As described further in Note 14 "Subsequent Events" to our consolidated financial statements below in this annual report, on February 23, 2015, we entered into a five year \$150,000 syndicated credit facility which amended and replaced our 2011 syndicated credit facility. We also maintain a line of credit with a German bank for certain DYNAenergetics operations. This line of credit provides a borrowing capacity of 4,000 Euros.

As of December 31, 2014, U.S. dollar revolving loans of \$19,500 and Euro revolving loans of \$3,282 (converted at the December 31, 2014 exchange rate) were outstanding under our 2011 syndicated credit agreement. While we had approximately \$37,598 of unutilized revolving credit loan capacity as of December 31, 2014 under our various credit facilities, future borrowings are subject to compliance with financial covenants that could significantly limit availability.

There are two significant financial covenants under our 2011 syndicated credit agreement, the leverage ratio and fixed charge coverage ratio requirements. The leverage ratio is defined in the 2011 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, 2014 and 2013, Consolidated EBITDA approximated the "Adjusted EBITDA" that we reported for the respective periods. As of December 31, 2014, the maximum leverage ratio permitted by our credit facility was 2.0 to 1.0. The actual leverage ratio as of December 31, 2014 was .76 to 1.0. The maximum leverage ratio permitted as of March 31, June 30, September 30 and December 31, 2015 is 2.0 to 1.0.

The fixed charge ratio, as defined in the 2011 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. For the trailing twelve months ended December 31, 2014, the minimum fixed charge ratio permitted by our credit facility was 2.0 to 1.0. The actual fixed charge ratio for the trailing twelve months ended December 31, 2014 was 2.54 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, 2015 is 2.0 to 1.0.

Our 2015 credit facility contains financial and other covenants similar to those contained in the 2011 syndicated credit agreement. The 2015 credit facility provides that our leverage ratio that shall not exceed 3.0 to 1.0 and that we maintain a minimum debt service coverage ratio of not less than 1.35 to 1.0.

Our existing loan agreements, including the new syndicated credit agreement we entered into in February 2015, 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, 2014, we were in compliance with all financial covenants and other provisions of our debt agreements.

Other contractual obligations and commitments

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, 2014:

Contractual Obligations	Payment Due by Period As of December 31, 2014				Total
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	
Operating lease obligations (1)	1,880	2,334	1,360	940	6,514
License agreements obligations (2)	398	796	398	—	1,592
Purchase obligations (3)	16,779	—	—	—	16,779
Total	\$ 19,057	\$ 3,130	\$ 1,758	\$ 940	\$ 24,885

(1) The operating lease obligations presented reflect future minimum lease payments due under non-cancelable portions of our leases as of December 31, 2014. Our operating lease obligations are described in Note 9 "Commitments and Contingencies" of the Notes to Consolidated Financial Statements.

(2) The license agreements obligations presented reflect future minimum payments due under non-cancelable portions of our agreements as of December 31, 2014. Our license agreements obligations are described in Note 9 "Commitments and Contingencies" of the Notes to Consolidated Financial Statements.

(3) 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, 2014, we have \$19,500 of outstanding borrowings under our U.S. dollar revolving line of credit and \$3,282 of outstanding borrowings under our EUR revolving line of credit at then current interest rates of 1.42% and 1.27%, respectively. For more information about our debt obligations, see Note 5 "Debt" and Note 14 "Subsequent Events" to our consolidated financial statements below in this annual report.

Cash flows from operating activities

Net cash provided by operating activities was \$23,313 in 2014 which consisted of net cash flows provided by continuing operations of \$23,074 and net cash flows provided by discontinued operations of \$239. This compares to net cash provided by operating activities of \$32,016 for 2013 which consisted of net cash flows provided by continuing operations of \$30,239 and net cash flows provided by discontinued operations of \$1,777. The year-over-year decline of continuing operations operating cash flow of \$7,165 was driven by a \$9,883 increase in net working capital. We experienced unfavorable net working capital changes of \$1,773 in 2014 compared to favorable changes in net working capital of \$8,110 in 2013. Favorable changes in our 2014 net working capital included increases in customer advances and accrued expenses and other liabilities of \$2,782 and \$3,267, respectively, which were outweighed by increases of \$3,459, \$3,004 and \$427 in inventory, prepaid expenses and accounts receivable, respectively, and a decrease in accounts payable of \$932. The increases in net working capital were driven by higher sales in DynaEnergetics, timing of accounts payable and prepayment for raw materials with long lead times but favorable pricing.

Net cash flows provided by operating activities was \$32,016 in 2013 which consisted of net cash flows provided by continuing operations of \$30,239 and net cash flows provided by discontinued operations of \$1,777. Net cash flows provided by continuing operations increased by \$10,775 over 2012, reflecting a \$4,224 decrease in net income that was offset by favorable changes in net working capital of \$13,803 and favorable changes in non-cash adjustments aggregating \$1,196. We experienced net favorable changes in net working capital of \$8,110 in 2013 compared to unfavorable changes in net working capital of \$5,693 in 2012. Favorable changes in our 2013 net working capital included a decrease in inventories \$6,750 and increases of \$2,228 and \$1,588 in accounts payable and accrued expenses and other liabilities, respectively. These favorable changes were partly offset by an increase in accounts receivable of \$2,185 and decrease of \$360 in customer advances. The large decrease in inventories reflects our focused efforts during 2013 to reduce overall inventory levels in our DynaEnergetics business, particularly within the North American distribution system. All other changes in working capital relate to typical fluctuations in our business flow and the related timing of cash payments and receipts.

Net cash flows provided by operating activities was \$20,556 in 2012 which consisted of net cash flows provided by continuing operations of \$19,464 and net cash flows provided by discontinued operations of \$1,092. Net cash flows provided by continuing

operations increased by \$12,717 over 2011, reflecting a \$1,276 decrease in net income that was offset by favorable changes in net working capital of \$9,878, and favorable changes in non-cash adjustments aggregating \$4,115. While we experienced unfavorable changes to net working capital in both 2012 and 2011, the unfavorable change in net working capital was reduced to \$5,693 in 2012 from \$15,571 in 2011. Unfavorable changes in our 2012 working capital included an increase in inventories \$2,380 and decreases of \$3,616, \$556 and \$409 in accounts payable, customer advances and accrued expenses and other liabilities, respectively. These unfavorable changes were partly offset by decreases in accounts receivable and prepaid expenses of \$717 and \$551, respectively. All of foregoing changes in working capital relate to typical fluctuations in our business flow and the related timing of cash payments and receipts.

Cash flows from investing activities

Net cash flows used in investing activities in 2014 totaled \$13,383 which consisted of cash flows used in investing activities of continuing operations of \$13,263 and \$120 of net cash flows used in investing activities of discontinued operations. Net cash flows used in investing activities of continuing operations consisted of capital expenditures of \$21,403 which includes \$13,140 for the purchase of the new German facility and \$4,782 for our greenfield investment in Russia to expand capacity in DynaEnergetics and net proceeds of \$6,830 on the sale of AMK.

Net cash flows used in investing activities in 2013 totaled \$18,240 which consisted of net cash flows used in investing activities of continuing operations of \$16,892 and \$1,348 of net cash flows used in investing activities of discontinued operations. Net cash flows of investing activities of continuing operations consisted almost entirely of capital expenditures. Our capital expenditures included \$9,159 for our greenfield projects in Russia and North America.

Net cash flows used in investing activities in 2012 totaled \$26,165 which consisted of net cash flows used in investing activities of continuing operations of \$25,651 and \$514 of net cash flows used in investing activities of discontinued operations. Net cash flows of investing activities of continuing operations included \$15,133 of capital expenditures and our \$10,294 cash investment in TRX. Our capital expenditures in 2012 included \$6,830 for our greenfield projects in Russia and North America and \$2,300 on implementing a new ERP system for our NobelClad U.S. entity.

Cash flows from financing activities

Net cash flows used in financing activities for 2014 totaled \$7,854, which included net repayments on bank lines of credit of \$6,069 and payment of quarterly dividends of \$2,226.

Net cash flows used in financing activities for 2013 totaled \$11,587, which included net repayments on bank lines of credit of \$9,592 and payment of quarterly dividends of \$2,187.

Net cash flows provided by financing activities for 2012 totaled \$8,517 and included net borrowings on bank lines of credit of \$12,174. These sources of cash flow were partially offset by uses of cash for financing activities, including \$1,176 in loan payments to former owners of LRI and quarterly dividend payments of \$2,155.

Critical Accounting Policies and Estimates

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 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 DynaEnergetics 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. Revenue from sales of consigned inventory is recognized upon the use of the product by the consignee or according to the terms of the contract.

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 manufacturing overhead. As necessary, we record provisions and maintain reserves for excess, slow moving and obsolete inventory. To determine reserve amounts, we regularly review inventory quantities on hand and values, and compare them to estimates of future product demand, market conditions, production requirements and technological developments.

Asset impairments

Finite-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. 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 when indicators of impairment are present. 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 carrying value exceeds fair value. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost 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

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. The carrying value of goodwill is periodically reviewed for impairment (at a minimum annually) and whenever events or changes in circumstances indicate that the carrying amount of the asset 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.

Our reporting units for goodwill impairment testing are currently the same as our reportable business segments: NobelClad and DynaEnergetics. Each business segment represents separately managed strategic business units and our chief operating decision maker reviews financial results and evaluates operating performance at this level.

Goodwill impairment testing is performed annually as of December 31 for our NobelClad and DynaEnergetics reporting units. We utilize an income approach (discounted cash flow analysis) to determine the fair value of each reporting unit. We believe the discounted cash flow approach is the most reliable indicator of fair value for our reporting units. The key assumptions used in the discounted cash flows for both reporting units include, among other measures, expected future sales, operating income, working capital and capital expenditures. Discount rates are determined using a peer-based, risk-adjusted weighted average cost of capital. Our approach also includes reviewing for reasonableness the total market capitalization of the Company as of December 31 to the sum of the discounted cash flows for the combined reporting units. No impairment of goodwill was identified in connection

with our 2014 annual goodwill impairment tests as our estimated fair values substantially exceeded the carrying values for both reporting units. In 2013, we performed our goodwill impairment testing using a qualitative assessment for NobelClad and a quantitative assessment for DynaEnergetics. There was no impairment identified as part of our 2013 annual goodwill impairment tests. 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 negatively impact our expectations of future results and or cause us to raise the discount rate percentage utilized in our discounted cash flow analysis. While we believe our most recent estimates were appropriate based on our view of then current business trends, no assurance can be provided that impairment charges will not be required in the future.

Finite-lived intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. 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 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. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. The deferred income tax impact of tax credits are recognized as an immediate adjustment to income tax expense. We recognize deferred tax assets for the expected future effects of all deductible temporary differences to the extent we believe these assets will more likely than not be realized. We record a valuation allowance when, based on current circumstances, it is more likely than not that all or a portion of the deferred tax assets will not be realized. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, recent financial operations and their associated valuation allowances, if any.

We recognize the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position; the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that is more likely than not of being realized upon ultimate resolution. We recognize interest and penalties related to uncertain tax positions in operating expense.

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 or as disclosed in the contractual obligation table above; 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.

Recent Accounting Pronouncements

Please refer to Note 2 "Significant Accounting Policies" 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 "Significant Accounting Policies" to the Consolidated Financial Statements for further information on interest rate risk management.

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 32%, 36%, and 39% of total sales for the years ended 2014, 2013, and 2012, respectively. 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. Our primary exposure to foreign currency risk is the Euro due to the percentage of our U.S. dollar revenue that is derived from countries where the Euro is the functional currency and the Russian Ruble due to our greenfield investment in Tyumen, Siberia.

**DYNAMIC MATERIALS CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**As of December 31, 2014 and 2013 and for Each of the Three Years Ended
December 31, 2014, 2013 and 2012**

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

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 (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included 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 at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, 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.

As discussed in Note 3 to the consolidated financial statements, the December 31, 2013 and 2012 consolidated financial statements have been restated to correct errors in the Company's accounting for income tax expense and related deferred tax assets and liabilities at certain foreign entities as well as other adjustments which were immaterial.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Dynamic Materials Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2015 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
March 16, 2015

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Amounts in Thousands, Except Share and Per Share Data)

	2014	2013
		Restated
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,400	\$ 10,598
Accounts receivable, net of allowance for doubtful accounts of \$542 and \$419, respectively	35,501	37,785
Inventory, net	40,101	41,191
Prepaid expenses and other	6,123	4,277
Current deferred tax assets	3,971	3,456
Assets held for sale	—	6,299
	<u>95,096</u>	<u>103,606</u>
Total current assets	95,096	103,606
PROPERTY, PLANT AND EQUIPMENT		
	109,733	98,573
Less - accumulated depreciation	<u>(45,898)</u>	<u>(38,358)</u>
Property, plant and equipment, net	63,835	60,215
GOODWILL, net	32,762	37,970
PURCHASED INTANGIBLE ASSETS, net	26,734	36,458
DEFERRED TAX ASSETS	587	403
OTHER ASSETS, net	<u>315</u>	<u>1,893</u>
TOTAL ASSETS	<u>\$ 219,329</u>	<u>\$ 240,545</u>

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Amounts in Thousands, Except Share and Per Share Data)

	<u>2014</u>	<u>2013</u> Restated
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,076	\$ 14,567
Accrued expenses	5,638	3,927
Dividend payable	559	550
Accrued income taxes	3,770	2,657
Accrued employee compensation and benefits	4,582	4,552
Customer advances	3,510	1,019
Current debt obligations	—	2,907
Current deferred tax liabilities	373	435
Liabilities related to assets held for sale	—	826
	<u>32,508</u>	<u>31,440</u>
Total current liabilities	32,508	31,440
LINES OF CREDIT	22,782	26,400
DEFERRED TAX LIABILITIES	7,003	7,795
OTHER LONG-TERM LIABILITIES	2,121	1,881
	<u>64,414</u>	<u>67,516</u>
Total liabilities	64,414	67,516
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)		
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; 13,997,076 and 13,772,324 shares issued and outstanding, respectively	700	689
Additional paid-in capital	67,088	62,934
Retained earnings	113,723	113,390
Other cumulative comprehensive loss	(26,596)	(3,984)
	<u>154,915</u>	<u>173,029</u>
Total stockholders' equity	154,915	173,029
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 219,329</u>	<u>\$ 240,545</u>

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Thousands, Except Share and Per Share Data)

	2014	2013	2012
		Restated	Restated
NET SALES	\$ 202,561	\$ 202,060	\$ 192,737
COST OF PRODUCTS SOLD	141,142	143,926	135,085
Gross profit	61,419	58,134	57,652
COSTS AND EXPENSES:			
General and administrative expenses	23,766	24,672	18,489
Selling and distribution expenses	18,104	16,136	16,954
Amortization of purchased intangible assets	6,103	6,348	6,210
Restructuring expenses	6,781	—	—
Total costs and expenses	54,754	47,156	41,653
INCOME FROM OPERATIONS	6,665	10,978	15,999
OTHER INCOME (EXPENSE):			
Other income (expense), net	(313)	(528)	(32)
Interest expense	(551)	(648)	(832)
Interest income	38	7	13
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON-CONTROLLING INTEREST	5,839	9,809	15,148
INCOME TAX PROVISION	3,913	3,736	5,316
INCOME FROM CONTINUING OPERATIONS	1,926	6,073	9,832
DISCONTINUED OPERATIONS:			
Income (loss) from operations of discontinued operations, net of tax	(77)	478	943
Gain on sale of discontinued operations, net of tax	718	—	—
Income from discontinued operations	641	478	943
NET INCOME	2,567	6,551	10,775
Less: Net income (loss) attributable to non-controlling interest	—	92	(2)
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 2,567	\$ 6,459	\$ 10,777
INCOME PER SHARE - BASIC:			
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73
Discontinued operations	\$ 0.05	\$ 0.03	\$ 0.07
Net income	\$ 0.18	\$ 0.47	\$ 0.80
INCOME PER SHARE - DILUTED:			
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73
Discontinued operations	\$ 0.05	\$ 0.03	\$ 0.07
Net income	\$ 0.18	\$ 0.47	\$ 0.80
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
Basic	13,687,485	13,533,566	13,264,636
Diluted	13,689,707	13,537,525	13,268,713
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.16	\$ 0.16	\$ 0.16

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
		Restated	Restated
Net income including non-controlling interest	\$ 2,567	\$ 6,551	\$ 10,775
Change in cumulative foreign currency translation adjustment	(22,612)	2,619	2,606
Total comprehensive income (loss)	(20,045)	9,170	13,381
Comprehensive income attributable to non-controlling interest	—	96	1
Comprehensive income (loss) attributable to Dynamic Materials Corporation	\$ (20,045)	\$ 9,074	\$ 13,380

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Thousands, Except Share Data)

Dynamic Materials Corporation Stockholders							
	Common Stock		Additional	Retained	Other	Non-	Total
	Shares	Amount	Paid-In Capital	Earnings	Cumulative Loss	Controlling Interest	
Balances, December 31, 2011 (Restated)	13,367,169	\$ 668	\$ 55,983	\$100,511	\$ (9,202)	\$ 83	\$148,043
Net income (loss) *	—	—	—	10,777	—	(2)	10,775
Change in cumulative foreign currency translation adjustment *	—	—	—	—	2,603	3	2,606
Shares issued in connection with stock compensation plans	152,386	8	185	—	—	—	193
Tax impact of stock-based compensation	—	—	(453)	—	—	—	(453)
Stock-based compensation	—	—	4,443	—	—	—	4,443
Dividends declared	—	—	—	(2,160)	—	—	(2,160)
Balances, December 31, 2012 (Restated)	13,519,555	\$ 676	\$ 60,158	\$109,128	\$ (6,599)	\$ 84	\$163,447
Net income *	—	—	—	6,459	—	92	6,551
Change in cumulative foreign currency translation adjustment *	—	—	—	—	2,615	4	2,619
Shares issued in connection with stock compensation plans	252,769	13	282	—	—	—	295
Tax impact of stock-based compensation	—	—	(907)	—	—	—	(907)
Stock-based compensation	—	—	3,401	—	—	—	3,401
Dividends declared	—	—	—	(2,197)	—	—	(2,197)
Acquisition of minority interest	—	—	—	—	—	(180)	(180)
Balances, December 31, 2013 (Restated)	13,772,324	\$ 689	\$ 62,934	\$113,390	\$ (3,984)	\$ —	\$173,029
Net income	—	—	—	2,567	—	—	2,567
Change in cumulative foreign currency translation adjustment	—	—	—	—	(22,612)	—	(22,612)
Shares issued in connection with stock compensation plans	224,752	11	348	—	—	—	359
Tax impact of stock-based compensation	—	—	106	—	—	—	106
Stock-based compensation	—	—	3,700	—	—	—	3,700
Dividends declared	—	—	—	(2,234)	—	—	(2,234)
Balances, December 31, 2014	13,997,076	\$ 700	\$ 67,088	\$113,723	\$ (26,596)	\$ —	\$154,915

* Restated

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Thousands)

	2014	2013	2012
		Restated	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 2,567	\$ 6,551	\$ 10,775
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (income) from discontinued operations, net of tax	77	(478)	(943)
Gain on sale of discontinued operations, net of tax	(718)	—	—
Depreciation (including capital lease amortization)	7,051	5,920	5,018
Amortization of purchased intangible assets	6,103	6,348	6,210
Amortization of deferred debt issuance costs	102	102	124
Stock-based compensation	3,588	3,401	4,443
Excess tax benefit from stock-based compensation	(156)	—	—
Deferred income tax benefit	(255)	(521)	(470)
Loss on disposal of property, plant and equipment	12	50	—
Restructuring and impairment charges	6,781	756	—
Cash payments for restructuring charges	(305)	—	—
Change in:			
Accounts receivable, net	(427)	(2,185)	717
Inventory, net	(3,459)	6,750	(2,380)
Prepaid expenses and other	(3,004)	89	551
Accounts payable	(932)	2,228	(3,616)
Customer advances	2,782	(360)	(556)
Accrued expenses and other liabilities	3,267	1,588	(409)
Net cash flows provided by continuing operations	23,074	30,239	19,464
Net cash flows provided by discontinued operations	239	1,777	1,092
Net cash provided by operating activities	23,313	32,016	20,556
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(21,403)	(16,223)	(15,133)
Net proceeds on sale of AMK Technical Services	6,830	—	—
Acquisition of TRX Industries	—	—	(10,294)
Acquisition of minority interest	—	(180)	—
Change in other non-current assets	1,310	(489)	(224)
Net cash flows used in continuing operations	(13,263)	(16,892)	(25,651)
Net cash flows used in discontinued operations	(120)	(1,348)	(514)
Net cash used in investing activities	(13,383)	(18,240)	(26,165)

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

DYNAMIC MATERIALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Thousands)

	2014	2013	2012
		Restated	Restated
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(6,069)	(9,592)	12,174
Payment on loans with former owners of LRI	(50)	(63)	(1,176)
Payment on capital lease obligations	(24)	(40)	(66)
Payment of dividends	(2,226)	(2,187)	(2,155)
Excess tax benefit from stock-based compensation	156	—	—
Other	359	295	(260)
Net cash provided by (used in) financing activities	(7,854)	(11,587)	8,517
EFFECTS OF EXCHANGE RATES ON CASH	(3,274)	191	(8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,198)	2,380	2,900
CASH AND CASH EQUIVALENTS, beginning of the period	10,598	8,218	5,318
CASH AND CASH EQUIVALENTS, end of the period	\$ 9,400	\$ 10,598	\$ 8,218

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for -			
Interest	\$ 514	\$ 631	\$ 746
Income taxes, net	\$ 3,586	\$ 1,938	\$ 7,395

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

DYNAMIC MATERIALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Amounts in Thousands, Except Share and 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 in 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 two business segments. In 2013 we branded our explosive metalworking operations under the single name NobelClad. Our NobelClad segment is comprised of our U.S. Clad operations as well as the assets and operations purchased in the Nobelclad Europe S.A. ("Nobelclad France") and Dynaplat GmbH and Co. KG ("Dynaplat") acquisitions. The NobelClad segment metallurgically joins or alters metals by using explosives. Our DynaEnergetics segment, which previously was included in the Oilfield Products segment with AMK Technical Services, is comprised entirely of DYNAenergetics GmbH and Co. KG ("DYNAenergetics"), its subsidiaries and sister companies. DynaEnergetics manufactures, markets, and sells oilfield perforating equipment and explosives.

2012 Acquisition

On January 3, 2012, we acquired the assets and operating business of Texas-based TRX Industries, Inc. ("TRX"), a manufacturer of perforating guns for our DynaEnergetics segment. Our statements of operations include the results of the TRX acquisition from the January 3, 2012 closing date. See Note 4 "Acquisitions" for additional disclosures regarding this acquisition.

2014 sale of AMK Technical Services

On October 1, 2014, DMC completed the sale of its AMK Technical Services ("AMK") business. The operating results of AMK have been classified as discontinued operations in all periods presented. See Note 11 "Discontinued Operations" for additional disclosures regarding this sale.

NobelClad Restructuring

On October 27, 2014, management announced a plan to restructure its NobelClad European operations. Clad metal plate production will be shifted from facilities in both Rivesaltes, France and Wurgendorf, Germany to the new manufacturing facility in Liebenscheid, Germany. See Note 12 "Restructuring" for additional disclosures regarding these restructuring plans.

2. 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. 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.

Cash and Cash Equivalents

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.

Accounts Receivable

We review our accounts receivable balance routinely to identify any specific customers with collectability issues. In circumstances where we are aware of a specific customer's inability to meet its financial obligation to us, we record a specific allowance for doubtful accounts (with the offsetting expense charged to our statement of operations) against the amounts due reducing the net recognized receivable to the amount we estimate will be collected.

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 manufacturing overhead. As necessary, we record provisions and maintain reserves for excess, slow moving and obsolete inventory. To determine reserve amounts, we regularly review inventory quantities on hand and values, and compare them to estimates of future product demand, market conditions, production requirements and technological developments.

Comprehensive reviews of DynaEnergetics' inventories were performed throughout 2013 to identify potentially excess, slow moving and obsolete inventory items. These reviews reflected management's efforts to reduce overall inventory levels and rationalize product line offerings. Additionally, our estimate for reserving, or writing-off, inventory changed from a combination of qualitative and quantitative considerations to a more specific quantitative analysis whereby inventory items which have not had movement for a certain duration are reserved against after a prescribed period.

In 2013 we changed our inventory management philosophy and intend to aggressively reduce our investment in inventory. In connection with this philosophy, we identified certain slow-moving and obsolete inventories and therefore revised our assumptions for calculating estimated inventory reserves, resulting in a change in estimate. We determined that our December 31, 2013 inventory reserves for our DynaEnergetics business segment should be increased by \$1,800 to adequately provide for estimated requirements and recorded corresponding expense of \$1,800 (\$1,218, net of tax) in cost of products sold in our 2013 consolidated statement of operations. The impact of this change in estimate reduced earnings per share by \$0.09 per share (basic and diluted) for the year ended December 31, 2013. Inventory reserves in 2014 increased by \$1,146 and resulted in expense recognized of \$1,287.

Inventories, net of reserves of \$3,117 and \$1,729 and most of which related to finished goods, consist of the following at December 31, 2014 and 2013 respectively:

	2014	2013
Raw materials	\$ 15,208	\$ 13,119
Work-in-process	11,528	9,985
Finished goods	12,782	17,273
Supplies	583	814
	<u>\$ 40,101</u>	<u>\$ 41,191</u>

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

Gross property, plant and equipment consist of the following at December 31, 2014 and 2013:

	2014	2013
Land	\$ 3,344	\$ 2,693
Buildings and improvements	39,489	31,774
Manufacturing equipment and tooling	40,433	37,844
Furniture, fixtures and computer equipment	14,813	14,079
Other	3,425	4,909
Construction in process	\$ 8,229	\$ 7,274
	<u>\$ 109,733</u>	<u>\$ 98,573</u>

Asset Impairments

Finite-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. 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 when indicators of impairment are present. 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 carrying value exceeds fair value. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell.

For the year ended December 31, 2014, we recognized an impairment charge of approximately \$3,946 (recorded in Restructuring expenses) associated with the restructuring of our NobelClad Europe operations. The impairment charges are primarily associated with the Wurgendorf, Germany facility and leasehold improvements at a leased facility in France, both of which are being closed under the restructuring program (See Note 12 "Restructuring"). The impairment of the facility in Germany was determined by a third-party appraiser using a combination of the cost and sales comparison approach, which are fair value techniques in accordance with Financial Accounting Standards Board ("FASB") ASC Section 820 *Fair Value Measurements and Disclosures*. For the year ended December 31, 2013 we recognized an impairment loss of approximately \$756 (recorded in G&A expenses) associated with implementation costs for a systems implementation project at our Russian and Kazakhstan locations within our DynaEnergetics segment. We had subsequently made the strategic decision to abandon this system implementation project and, therefore, the impairment loss recognized represents writing down the carrying amount of this asset to zero. There were no asset impairments for the year ending December 31, 2012.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. The carrying value of goodwill is periodically reviewed for impairment (at a minimum annually) and whenever events or changes in circumstances indicate that the carrying amount of the asset 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.

Our reporting units for goodwill impairment testing are currently the same as our reportable business segments: NobelClad and DynaEnergetics. Each business segment represents separately managed strategic business units and our chief operating decision maker reviews financial results and evaluates operating performance at this level.

Goodwill impairment testing is performed annually as of December 31 for our NobelClad and DynaEnergetics reporting units. We utilize an income approach (discounted cash flow analysis) to determine the fair value of each reporting unit. We believe the discounted cash flow approach is the most reliable indicator of fair value for our reporting units. The key assumptions used in the discounted cash flows for both reporting units include, among other measures, expected future sales, operating income, working capital and capital expenditures. Discount rates are determined using a peer-based, risk-adjusted weighted average cost of capital. Our approach also includes reviewing for reasonableness the total market capitalization of the Company as of December 31 to the sum of the discounted cash flows for the combined reporting units. No impairment of goodwill was identified in connection with our 2014 annual goodwill impairment tests as our estimated fair values substantially exceeded the carrying values for both reporting units. In 2013, we performed our goodwill impairment testing using a qualitative assessment for NobelClad and a quantitative assessment for DynaEnergetics. There was no impairment identified as part of our 2013 annual goodwill impairment tests. 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 negatively impact our expectations of future results and or cause us to raise the discount rate percentage utilized in our discounted cash flow analysis. While we believe our most recent estimates were appropriate based on our view of then current business trends, no assurance can be provided that impairment charges will not be required in the future.

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

	NobelClad	DynaEnergetics	Total
Goodwill balance at December 31, 2012	\$ 21,734	\$ 15,697	\$ 37,431
Adjustment due to recognition of tax benefit of tax amortization of certain goodwill	\$ (353)	\$ (598)	\$ (951)
Adjustment due to exchange rate differences	\$ 857	\$ 633	\$ 1,490
Goodwill balance at December 31, 2013	\$ 22,238	\$ 15,732	\$ 37,970
Adjustment due to recognition of tax benefit of tax amortization of certain goodwill	(318)	(547)	(865)
Adjustment due to exchange rate differences	(2,502)	(1,841)	(4,343)
Goodwill balance at December 31, 2014	\$ 19,418	\$ 13,344	\$ 32,762

All of the goodwill shown above, which is primarily in Germany, is 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 if impairment indicators are present. Finite lived intangible assets are amortized over the estimated useful life of the related assets which have a weighted average amortization period of 12 years in total.

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

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

The following table presents details of our purchased intangible assets, other than goodwill, as of December 31, 2014:

	Gross	Accumulated Amortization	Net
Core technology	\$ 20,667	\$ (7,360)	\$ 13,307
Customer relationships	40,195	(27,270)	12,925
Trademarks / Trade names	2,216	(1,714)	502
Total intangible assets	\$ 63,078	\$ (36,344)	\$ 26,734

The following table presents details of our purchased intangible assets, other than goodwill, as of December 31, 2013:

	Gross	Accumulated Amortization	Net
Core technology	\$ 23,391	\$ (7,155)	\$ 16,236
Customer relationships	45,269	(25,813)	19,456
Trademarks / Trade names	2,510	(1,744)	766
Total intangible assets	\$ 71,170	\$ (34,712)	\$ 36,458

The change in the gross value of our purchased intangible assets from December 31, 2013 to December 31, 2014 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 -		
2015	\$	4,285
2016		4,285
2017		4,263
2018		3,026
2019		1,692
Thereafter		9,183
	\$	26,734

Other Assets

Included in other assets are net deferred debt issuance costs of \$203 and \$305 as of December 31, 2014 and 2013, respectively. On December 21, 2011, we entered into a five-year syndicated credit agreement, which amended and restated in its entirety the prior syndicated agreement entered into on November 16, 2007. The outstanding balance of deferred debt issuance as of December 31, 2011 included 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, 2014 and 2013 customer advances totaled \$3,510 and \$1,019, respectively, and originated from several customers.

Revenue Recognition

Sales of clad metal products 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 DynaEnergetics 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. Revenue from sales of consigned inventory is recognized upon the use of the product by the consignee or according to the terms of the contract.

Research and Development

Research and development costs, which are expensed as incurred, were \$3,099, \$2,199 and \$2,075, for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in our cost of products sold. Research and development costs include expenses associated with developing new products and processes, as well as, improvements to current manufacturing processes.

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 for the years ended December 31, 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Numerator:			
Income from continuing operations, net of non-controlling interest	\$ 1,926	\$ 5,981	\$ 9,834
Less income allocated to RSAs	(52)	(102)	(193)
Income from continuing operations allocated to common stock for EPS calculation	1,874	5,879	9,641
Income from discontinued operations	641	478	943
Net income allocated to common stock for EPS calculation	\$ 2,515	\$ 6,357	\$ 10,584
Denominator:			
Weighted average common shares outstanding - basic	13,687,485	13,533,566	13,264,636
Dilutive stock-based compensation plans	2,222	3,959	4,077
Weighted average common shares outstanding - diluted	13,689,707	13,537,525	13,268,713
Income per share - Basic:			
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73
Discontinued operations	0.05	0.03	0.07
Net income allocated to common stock for EPS calculation	\$ 0.18	\$ 0.47	\$ 0.80
Income per share - Diluted:			
Continuing operations	\$ 0.13	\$ 0.44	\$ 0.73
Discontinued operations	0.05	0.03	0.07
Net income allocated to common stock for EPS calculation	\$ 0.18	\$ 0.47	\$ 0.80

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, trade accounts receivable and payable, accrued expenses and lines of credit approximate their fair value and are included in Level 1.

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.

Income Taxes

See Note 3 “Restatement of Previously-Issued Financial Statements” to the Consolidated Financial Statements for information on the adjustments made related to the restatement of previously-issued financial statements.

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. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. The deferred income tax impact of tax credits are recognized as an immediate adjustment to income tax expense. We recognize deferred tax assets for the expected future effects of all deductible temporary differences to the extent we believe these assets will more likely than not be realized. We record a valuation allowance when, based on current circumstances, it is more likely than not that all or a portion of the deferred tax assets will not be realized. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, recent financial operations and their associated valuation allowances, if any.

We recognize the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position; the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that is more likely than not of being realized upon ultimate resolution. We recognize interest and penalties related to uncertain tax positions in operating expense.

Concentration of Credit Risk and Off Balance Sheet Arrangements

Financial instruments, which potentially subject us to a concentration of credit risk, consist primarily of cash, cash equivalents, and accounts receivable. Generally, we do not require collateral to secure receivables. At December 31, 2014, we had no financial instruments with off-balance sheet risk of accounting losses.

Other Cumulative Comprehensive Loss

Other cumulative comprehensive loss as of December 31, 2014, 2013, and 2012 consisted entirely of currency translation adjustments including those in intra-entity foreign currency transactions that are long-term investments.

Recent Accounting Pronouncements

In June 2014, the FASB issued an accounting standards update to clarify the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The pronouncement is effective for reporting periods beginning after December 15, 2015. The adoption of this update is not expected to have a significant impact on our financial statements.

In May 2014, the FASB issued an accounting standards update to clarify the principles of recognizing revenue and to develop a common revenue standard and disclosure requirements for U.S. GAAP and IFRS. The pronouncement is effective for reporting periods beginning after December 15, 2016. We are still evaluating the impact on our financial statements for the expected adoption of this pronouncement.

In April 2014, the FASB issued an accounting standards update which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The pronouncement is effective for reporting periods beginning after December 15, 2014, however, early adoption is permitted. DMC has not elected to early adopt this pronouncement.

3. RESTATEMENT OF PREVIOUSLY-ISSUED FINANCIAL STATEMENTS

On March 5, 2015, we concluded to restate our financial statements and related disclosures to correct non-cash errors reported in our historical consolidated financial statements related to income tax expense and related deferred tax assets and liabilities at our business entities in Germany as well as other adjustments, which were immaterial.

The errors arose from incorrect income tax accounting at our operations in Germany. In November 15, 2007, we acquired DynaEnergetics under a newly created German subsidiary DynaEnergetics Holding GmbH ("Holding Co"). Subsequent to the acquisition we recognized income tax expense or benefits for German federal and local income tax purposes and paid cash taxes accordingly for Holding Co. However, we incorrectly had been deferring the recognition of the income tax expense or benefit in our calculation of net income for purposes of U.S. GAAP reporting.

The non-cash impact of the restatement and other adjustments, which were immaterial, decreased income from continuing operations by \$1,036 in 2013 and \$919 in 2012. The cumulative effect of the errors increased shareholders' equity by \$2,000 as of December 31, 2011. The restatement only impacted the income tax provision (benefit) line item in our consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively. The restatement had no impact on the Company's revenues, did not affect the Company's cash balances and has no effect on the Company's future operations.

The following table summarizes the impact of the restatement on our previously reported consolidated balance sheet for the year ending December 31, 2013 (in thousands, except share and per share data):

	December 31, 2013		
	As Reported	Adjustments	Restated
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 10,598	\$ —	\$ 10,598
Accounts receivable, net of allowance for doubtful accounts of \$419	37,785	—	37,785
Inventory, net	41,191	—	41,191
Prepaid expenses and other	4,375	(98)	4,277
Current deferred tax assets	3,440	16	3,456
Assets held for sale	6,299	—	6,299
Total current assets	103,688	(82)	103,606
PROPERTY, PLANT AND EQUIPMENT	98,573	—	98,573
Less - accumulated depreciation	(38,358)	—	(38,358)
Property, plant and equipment, net	60,215	—	60,215
GOODWILL, net	37,970	—	37,970
PURCHASED INTANGIBLE ASSETS, net	36,458	—	36,458
DEFERRED TAX ASSETS	388	15	403
OTHER ASSETS, net	1,893	—	1,893
TOTAL ASSETS	\$ 240,612	\$ (67)	\$ 240,545

December 31, 2013

	As Reported	Adjustments	Restated
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 14,567	\$ —	\$ 14,567
Accrued expenses	3,927	—	3,927
Dividend payable	550	—	550
Accrued income taxes	2,811	(154)	2,657
Accrued employee compensation and benefits	4,552	—	4,552
Customer advances	1,019	—	1,019
Current debt obligations	2,907	—	2,907
Current deferred tax liabilities	435	—	435
Liabilities related to assets held for sale	826	—	826
Total current liabilities	31,594	(154)	31,440
Lines of credit	26,400	—	26,400
DEFERRED TAX LIABILITIES	7,945	(150)	7,795
OTHER LONG-TERM LIABILITIES	1,881	—	1,881
Total liabilities	67,820	(304)	67,516
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)			
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; 13,772,324 shares issued and outstanding	689	—	689
Additional paid-in capital	62,934	—	62,934
Retained earnings	113,399	(9)	113,390
Other cumulative comprehensive loss	(4,230)	246	(3,984)
Total stockholders' equity	172,792	237	173,029
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 240,612	\$ (67)	\$ 240,545

The following tables summarize the impact of the restatement on our previously reported statements of consolidated operations for fiscal years 2013 and 2012 (in thousands, except per share data):

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 202,060	\$ —	\$ 202,060	\$ 192,737	\$ —	\$ 192,737
COST OF PRODUCTS SOLD	143,926	—	143,926	135,085	—	135,085
Gross profit	58,134	—	58,134	57,652	—	57,652
COSTS AND EXPENSES:						
General and administrative expenses	24,672	—	24,672	18,489	—	18,489
Selling and distribution expenses	16,136	—	16,136	16,954	—	16,954
Amortization of purchased intangible assets	6,348	—	6,348	6,210	—	6,210
Total costs and expenses	47,156	—	47,156	41,653	—	41,653
INCOME FROM OPERATIONS	10,978	—	10,978	15,999	—	15,999
OTHER INCOME (EXPENSE):						
Other income (expense), net	(528)	—	(528)	(32)	—	(32)
Interest expense	(648)	—	(648)	(832)	—	(832)
Interest income	7	—	7	13	—	13
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON-CONTROLLING INTEREST	9,809	—	9,809	15,148	—	15,148
INCOME TAX PROVISION	2,700	1,036	3,736	4,397	919	5,316
INCOME FROM CONTINUING OPERATIONS	7,109	(1,036)	6,073	10,751	(919)	9,832
DISCONTINUED OPERATIONS:						
Income from operations of discontinued operations, net of tax	478	—	478	943	—	943
NET INCOME	7,587	(1,036)	6,551	11,694	(919)	10,775
Less: Net income (loss) attributable to non-controlling interest	92	—	92	(2)	—	(2)
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 7,495	\$ (1,036)	\$ 6,459	\$ 11,696	\$ (919)	\$ 10,777
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.52	\$ (0.08)	\$ 0.44	\$ 0.80	\$ (0.07)	\$ 0.73
Discontinued operations	\$ 0.03	\$ —	\$ 0.03	\$ 0.07	\$ —	\$ 0.07
Net income	\$ 0.55	\$ (0.08)	\$ 0.47	\$ 0.87	\$ (0.07)	\$ 0.80
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.51	\$ (0.07)	\$ 0.44	\$ 0.80	\$ (0.07)	\$ 0.73
Discontinued operations	\$ 0.03	\$ —	\$ 0.03	\$ 0.07	\$ —	\$ 0.07
Net income	\$ 0.54	\$ (0.07)	\$ 0.47	\$ 0.87	\$ (0.07)	\$ 0.80
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,533,566	—	13,533,566	13,264,636	—	13,264,636
Diluted	13,537,525	—	13,537,525	13,268,713	—	13,268,713
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.16	\$ —	\$ 0.16	\$ 0.16	\$ —	\$ 0.16

The following tables summarize the impact of the restatement on our previously reported consolidated statements of comprehensive income for fiscal years 2013 and 2012 (in thousands):

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 7,587	\$ (1,036)	\$ 6,551	\$ 11,694	\$ (919)	\$ 10,775
Change in cumulative foreign currency translation adjustment	2,237	382	2,619	2,796	(190)	2,606
Total comprehensive income	9,824	(654)	9,170	14,490	(1,109)	13,381
Comprehensive income attributable to non-controlling interest	96	—	96	1	—	1
Comprehensive income attributable to Dynamic Materials Corporation	\$ 9,728	\$ (654)	\$ 9,074	\$ 14,489	\$ (1,109)	\$ 13,380

The following tables summarize the impact of the restatement on our previously reported consolidated statements of cash flows for fiscal years 2013 and 2012 (in thousands):

	Year Ended December 31, 2013		
	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 7,587	\$ (1,036)	\$ 6,551
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	(478)	—	(478)
Depreciation (including capital lease amortization)	5,920	—	5,920
Amortization of purchased intangible assets	6,348	—	6,348
Amortization of deferred debt issuance costs	102	—	102
Stock-based compensation	3,401	—	3,401
Deferred income tax benefit	(1,666)	1,145	(521)
Loss on disposal of property, plant and equipment	50	—	50
Restructuring and impairment charges	756	—	756
Change in:			
Accounts receivable, net	(2,185)	—	(2,185)
Inventory, net	6,750	—	6,750
Prepaid expenses and other	79	10	89
Accounts payable	2,228	—	2,228
Customer advances	(360)	—	(360)
Accrued expenses and other liabilities	1,707	(119)	1,588
Net cash flows provided by continuing operations	30,239	—	30,239
Net cash flows provided by discontinued operations	1,777	—	1,777
Net cash provided by operating activities	32,016	—	32,016
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(16,223)	—	(16,223)
Acquisition of minority interest	(180)	—	(180)
Change in other non-current assets	(489)	—	(489)
Net cash flows used in continuing operations	(16,892)	—	(16,892)
Net cash flows used in discontinued operations	(1,348)	—	(1,348)
Net cash used in investing activities	(18,240)	—	(18,240)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(9,592)	—	(9,592)
Payment on loans with former owners of LRI	(63)	—	(63)
Payment on capital lease obligations	(40)	—	(40)
Payment of dividends	(2,187)	—	(2,187)
Other	295	—	295
Net cash used in financing activities	(11,587)	—	(11,587)
EFFECTS OF EXCHANGE RATES ON CASH	191	—	191
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,380	—	2,380
CASH AND CASH EQUIVALENTS, beginning of the period	8,218	—	8,218
CASH AND CASH EQUIVALENTS, end of the period	\$ 10,598	\$ —	\$ 10,598

	Year Ended December 31, 2012		
	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 11,694	\$ (919)	\$ 10,775
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	(943)	—	(943)
Depreciation (including capital lease amortization)	5,018	—	5,018
Amortization of purchased intangible assets	6,210	—	6,210
Amortization of deferred debt issuance costs	124	—	124
Stock-based compensation	4,443	—	4,443
Deferred income tax benefit	(1,159)	689	(470)
Change in:			
Accounts receivable, net	717	—	717
Inventory, net	(2,380)	—	(2,380)
Prepaid expenses and other	463	88	551
Accounts payable	(3,616)	—	(3,616)
Customer advances	(556)	—	(556)
Accrued expenses and other liabilities	(551)	142	(409)
Net cash flows provided by continuing operations	19,464	—	19,464
Net cash flows provided by discontinued operations	1,092	—	1,092
Net cash provided by operating activities	20,556	—	20,556
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(15,133)	—	(15,133)
Acquisition of TRX Industries	(10,294)	—	(10,294)
Change in other non-current assets	(224)	—	(224)
Net cash flows used in continuing operations	(25,651)	—	(25,651)
Net cash flows used in discontinued operations	(514)	—	(514)
Net cash used in investing activities	(26,165)	—	(26,165)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	12,174	—	12,174
Payment on loans with former owners of LRI	(1,176)	—	(1,176)
Payment on capital lease obligations	(66)	—	(66)
Payment of dividends	(2,155)	—	(2,155)
Other	(260)	—	(260)
Net cash provided by financing activities	8,517	—	8,517
EFFECTS OF EXCHANGE RATES ON CASH	(8)	—	(8)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,900	—	2,900
CASH AND CASH EQUIVALENTS, beginning of the period	5,318	—	5,318
CASH AND CASH EQUIVALENTS, end of the period	\$ 8,218	\$ —	\$ 8,218

4. ACQUISITIONS

TRX Industries

On January 3, 2012, we acquired the assets and operating business of Texas-based TRX Industries, Inc., a manufacturer of perforating guns, for a purchase price of \$10,294. TRX, which has now been integrated into our subsidiary DYNAenergetics US, had been a long-term supplier to DYNAenergetics US and, in recent years, accounted for a rapidly growing percentage of its perforating gun purchases.

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 on property, plant and equipment and discounted cash flow analysis on the identifiable intangible assets. The allocation of the purchase price to the assets of TRX was as follows:

Current assets	\$	2,702
Property, plant and equipment		2,227
Intangible assets		5,365
Deferred tax assets		40
Total assets acquired		10,334
Current liabilities		40
Total liabilities assumed		40
Net assets acquired	\$	10,294

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, totaling \$5,365, and are being amortized over 6 years. These amounts are included in Purchased Intangible Assets and are further discussed in Note 2 "Significant Accounting Policies."

5. DEBT

Lines of credit consisted of the following at December 31, 2014 and 2013:

	2014	2013
Syndicated credit agreement:		
U.S. Dollar revolving loan	\$ 19,500	\$ 26,400
Euro revolving loan	3,282	—
Canadian Dollar revolving loan	—	—
Commerzbank line of credit	—	2,856
	22,782	29,256
Less current portion	—	(2,856)
Long-term lines of credit	\$ 22,782	\$ 26,400

Other debt consisted of the following at December 31, 2014 and 2013:

	2014	2013
Loans with former owners of LRI	\$ —	\$ 51
Less current maturities	—	(51)
Other long-term debt	\$ —	\$ —

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 credit facility due to mature on December 21, 2016, which provided revolving loan availability of \$36,000, 16,000 Euros and 1,500 Canadian dollars, was entered into with 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. Based upon our expected 2015 operating results, planned 2015 capital expenditures and expected changes in working capital levels during 2015, we expect our average 2015 borrowings to be equal to or exceed the amount of outstanding borrowings at December 31, 2014. Thus, we have classified all borrowings outstanding as of December 31, 2014 under our syndicated credit agreement as long-term lines of credit.

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, 2014, outstanding revolving loans totaled \$19,500 and had an all-in interest rate of 1.42% based on the LIBOR rate. Our rates are subject to change based upon changes in our current leverage ratio.

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, 2014, we had outstanding borrowings of 2,700 Euros (\$3,282 based on the December 31, 2014 exchange rate) and had an all-in interest rate of 1.27% based on the EURIBOR rate.

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 applicable CDOR rate plus 1.50% (at our current leverage ratio). As of December 31, 2014, there were no borrowings outstanding under our 1,500 Canadian dollar revolving loan.

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

On February 23, 2015, we entered into a five-year \$150,000 syndicated credit agreement which amended and replaced in its entirety our syndicated credit facility entered into on December 11, 2011. See "Subsequent Events" (footnote 12) for further information.

Line of Credit with German Bank

We maintain a line of credit with a German bank for certain DYNAenergetics operations. This line of credit provides a borrowing capacity of 4,000 Euros and is also used by DYNAenergetics to issue bank guarantees to its customers to secure advance payments made by them. As of December 31, 2014, we had no outstanding borrowings under this line of credit. As of December 31, 2014, we had bank guarantees secured by the line of credit of \$1,220. The line of credit bears interest at a EURIBOR-based variable rate which at December 31, 2014 was 3.85%. The line of credit has open-ended terms and can be canceled by the bank at any time.

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, 2014, we were in compliance with all financial covenants and other provisions of our debt agreements.

Scheduled Debt Maturity

We do not have any debt as of December 31, 2014 with scheduled maturity.

6. STOCK OWNERSHIP AND BENEFIT PLANS

On September 21, 2006, our stockholders approved, and we adopted, the 2006 Stock Incentive Plan ("2006 Plan"). On May 23, 2013, our stockholders approved an amendment to the 2006 Plan to increase the number of shares of common stock that may be issued under the 2006 Plan. 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 1,617,500 shares available for grant under the 2006 Plan. As of December 31, 2014, we have granted an aggregate of 1,217,221 shares of restricted stock and restricted stock units under the 2006 Plan, leaving 400,279 shares available for future grant.

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

	2014	2013	2012
Cost of products sold	\$ 309	\$ 304	\$ 324
General and administrative expenses	2,995	2,913	3,018
Selling and distribution expenses	284	184	1,101
Stock-based compensation expense before income taxes and discontinued operations	3,588	3,401	4,443
Income tax benefit	(970)	(990)	(864)
Stock-based compensation expense before discontinued operations, net of income taxes	2,618	2,411	3,579
Discontinued operations	112	—	—
Income tax benefit	(38)	—	—
Stock-based compensation expense in discontinued operations, net of income taxes	74	—	—
Stock-based compensation expense, net of income taxes	2,692	2,411	3,579
Earnings per share impact - Basic:			
Continuing operations	\$ 0.19	\$ 0.18	\$ 0.27
Discontinued operations	\$ 0.01	\$ —	\$ —
Net income	\$ 0.20	\$ 0.18	\$ 0.27
Earnings per share impact - Diluted:			
Continuing operations	\$ 0.19	\$ 0.18	\$ 0.27
Discontinued operations	\$ 0.01	\$ —	\$ —
Net income	\$ 0.20	\$ 0.18	\$ 0.27

Our stock-based compensation expense results from restricted stock awards, restricted stock units and stock issued under the Employee Stock Purchase Plan. Our 2012 stock-based compensation expense includes \$672 relating to the accelerated recognition of stock-based compensation expense resulting from accelerated vesting of restricted stock awards associated with the retirement of our former President and Chief Executive Officer on March 1, 2013 and the December 31, 2012 retirement of another senior executive. During the first quarter of 2013 and, as a result of board actions taken in January 2013, we recorded a one-time expense of \$2,965 associated with these management retirements. This expense included \$894 of stock-based compensation, with the remainder representing cash payments.

Restricted Stock Awards and Units: Restricted stock awards and restricted stock units are granted to employees and non-employee directors based on time-vesting and/or performance conditions. Stock awards with time-vesting only generally vest in one-third increments on the first, second, and third anniversary of the grant date. For stock awards with performance conditions, one-quarter of the shares vest on each of the first and second anniversaries of the grant date. On the third anniversary, all or a portion of the remaining one-half of the shares will vest based on a formula that takes into account the Company's achievement of Adjusted EBITDA compared to a target amount and the relative total return to the Company's stockholders in comparison to the total stockholder return of the Company's peer group of public companies. The fair value of restricted stock and restricted

stock unit awards granted to employees and non-employee directors is based on the fair value of DMC's stock on the grant date. Stock awards granted to employees are amortized to compensation expense over the vesting period on a straight-line basis. Stock awards granted to non-employee directors are amortized to compensation expense over one year, which represents the term of their appointment.

A summary of the activity of our nonvested shares of restricted stock issued under the 2006 Plan for the years ended December 31, 2014, 2013, and 2012 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Balance at December 31, 2011	261,829	\$ 30.59
Granted	116,900	20.74
Vested	(136,344)	27.20
Balance at December 31, 2012	242,385	\$ 27.75
Granted	163,579	16.37
Vested	(216,851)	27.95
Forfeited	(2,000)	22.05
Balance at December 31, 2013	187,113	\$ 17.63
Granted	157,680	21.31
Vested	(81,823)	18.55
Forfeited	(250)	22.05
Balance at December 31, 2014	262,720	\$ 19.55

On March 1, 2013 Kevin Longe, our President and Chief Executive Officer, was granted 30,000 shares of restricted stock outside of our 2006 Plan per specific exemptions in the Nasdaq regulations. The exemption relates to equity compensation agreed upon at an arms length basis to hire a new executive or director if the terms of the grant are promptly disclosed after the award. These shares vest in one-third increments on the first, second, and third anniversary of the date of grant.

A summary of the activity of our nonvested restricted stock units for the years ended December 31, 2014, 2013, and 2012 is as follows:

	Share Units	Weighted Average Grant Date Fair Value
Balance at December 31, 2011	53,998	\$ 20.43
Granted	50,200	20.44
Vested	(20,769)	20.43
Forfeited	(3,000)	21.15
Balance at December 31, 2012	80,429	\$ 20.41
Granted	56,217	15.67
Vested	(35,001)	20.88
Forfeited	(2,300)	19.01
Balance at December 31, 2013	99,345	\$ 17.59
Granted	33,895	21.25
Vested	(48,674)	18.87
Balance at December 31, 2014	84,566	\$ 18.33

As of December 31, 2014, there was \$2,548 and \$738 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 1.63 years and 1.61 years for the restricted stock awards and restricted stock units, respectively.

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan ("ESPP") which is authorized to issue up to 600,000 shares of which 115,218 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, 20,148; 22,689; and 14,717 shares of our stock were purchased during the years ended December 31, 2014, 2013, and 2012, respectively. Our total stock-based compensation expense for 2014, 2013, and 2012 includes \$92, \$76, and \$58 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 contributed by each employee. Total DMC contributions were \$523, \$485, and \$431 for the years ended December 31, 2014, 2013 and 2012, respectively.

Defined Benefit Plans

We have defined benefit pension plans at certain foreign subsidiaries for which we have recorded an unfunded pension obligation of \$1,143 and \$910 as of December 31, 2014 and 2013, respectively, which is included in other long-term liabilities in the Consolidated Balance Sheets. All necessary adjustments to the obligation are based upon actuarial calculations are recorded directly to the statement of operations. We recognized net adjustments of \$349, \$67 and \$235, respectively, for the years ended December 31, 2014, 2013 and 2012.

7. INCOME TAXES (RESTATED)

See Note 3 "Restatement of Previously-Issued Financial Statements" to the Consolidated Financial Statements for information on the adjustments made related to the restatement of previously-issued financial statements.

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

	2014	2013	2012
		Restated	Restated
Domestic	\$ (706)	\$ 6,339	\$ 6,312
Foreign	6,545	3,470	8,836
	<u>\$ 5,839</u>	<u>\$ 9,809</u>	<u>\$ 15,148</u>

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

	2014	2013	2012
		Restated	Restated
Current - Federal	\$ 378	\$ 1,144	\$ 3,396
Current - State	16	93	136
Current - Foreign	3,774	3,020	2,254
Current income tax expense	4,168	4,257	5,786
Deferred - Federal	(236)	658	(140)
Deferred - State	(82)	(64)	(27)
Deferred - Foreign	63	(1,115)	(303)
Deferred income tax benefit	(255)	(521)	(470)
Income tax provision	<u>\$ 3,913</u>	<u>\$ 3,736</u>	<u>\$ 5,316</u>

A reconciliation of our income tax provision computed by applying the Federal statutory income tax rate of 35% in December 31, 2014, 2013, and 2012 to income before taxes is as follows:

	2014	2013	2012
		Restated	Restated
Statutory U.S. federal income tax	\$ 2,042	\$ 3,401	\$ 5,302
U.S. state income tax, net of federal benefit	(15)	85	45
Foreign rate differential	(1,558)	(1,259)	(2,271)
Domestic production activities deduction	(21)	(211)	(316)
Tax audit adjustments	(338)	812	—
Intercompany distributions	16	2,239	—
Foreign equity compensation	338	234	254
Deemed repatriation of foreign earnings	—	(908)	908
Current year tax credits	(156)	(628)	(29)
Change in valuation allowances	3,737	73	—
Other	(132)	(102)	1,423
Provision for income taxes	<u>\$ 3,913</u>	<u>\$ 3,736</u>	<u>\$ 5,316</u>

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use existing deferred tax assets. A significant piece of objective negative evidence to be evaluated in this assessment is whether

there is a three-year cumulative loss incurred in jurisdictions where there are deferred tax assets. In jurisdictions where we have incurred a three-year cumulative loss, we recorded a valuation allowance against the corresponding net deferred tax assets in the third and fourth quarters in the amount of \$3,737 in 2014. The amount of the deferred tax assets considered realizable, however, could be adjusted during the carryforward period if positive evidence such as current and expected future taxable income outweighs negative evidence.

In January 2013, the United States Congress authorized, and the President signed into law, legislation which retroactively changed federal tax laws for 2012. Since this legislation was enacted in 2013, the financial statement benefit from these changes, totaling \$908, was reflected in the provision for income taxes in the consolidated statement of operations during the twelve months ended December 31, 2013.

Our deferred tax assets and liabilities at December 31, 2014 and 2013 consist of the following:

	2014	2013
		Restated
Deferred tax assets:		
Net foreign operating loss carryforward	\$ 6,932	\$ 5,396
Inventory differences	2,337	2,373
Equity compensation	836	556
Investment in subsidiaries	935	1,147
Restructuring	1,265	—
Other, net	418	591
Gross deferred tax assets	12,723	10,063
Less valuation allowances	(3,032)	(75)
Total deferred tax assets	9,691	9,988
Deferred tax liabilities:		
Purchased intangible assets	(9,813)	(12,445)
Depreciation and amortization	(2,476)	(1,676)
Other, net	(220)	(238)
Total deferred tax liabilities	(12,509)	(14,359)
Net deferred tax liabilities	\$ (2,818)	\$ (4,371)

As of December 31, 2014, we had loss carryforwards for tax purposes totaling approximately \$41,390, comprised solely of foreign loss carryforwards which will be available to offset future taxable income due to laws in certain foreign jurisdictions. If not used, the foreign tax loss carryforwards generally may be carried forward indefinitely or have at least a ten-year carryforward period. We have analyzed the foreign net operating losses and placed valuation allowance on those where we have determined the realization is not more likely than not to occur.

As a result of stock-based compensation in December 31, 2014 we increased additional paid-in-capital by \$106 for the tax impact and in December 31, 2013, and 2012, we decreased additional paid-in-capital by \$907, and \$453, 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, 2014, 2013 and 2012, income considered to be permanently reinvested in non-U.S. subsidiaries totaled approximately \$37,772, \$37,795 and \$42,543, 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.

At December 31, 2014 and 2013, 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, 2014 and 2013, our accrual for interest and penalties related to uncertain tax positions was \$0.

DMC files income tax returns in the U.S. federal jurisdiction, as well as various U.S. state and foreign jurisdictions. No income tax examinations are currently in progress. Tax returns of our German subsidiaries were under routine examination by the German tax authorities for most of 2013. During 2013, German tax authorities proposed and we agreed to a settlement. The key provisions of the settlement resulted in a net reduction of the subsidiaries' loss carryforwards, which reduced the non-current deferred tax assets associated with these carryforwards that were recorded on our books. Thus, we recorded an additional \$812 in income tax expense to reflect these reductions. DMC's U.S. Federal tax returns for the tax years 2011-2014 remain open to examination while most of DMC's state tax returns remain open to examination for the tax years 2010-2014. DMC's foreign tax returns remain open to examination for the tax years 2009-2014.

8. BUSINESS SEGMENTS

Our business is organized in the following two segments: NobelClad and DynaEnergetics. The NobelClad 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 DynaEnergetics 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.

Prior to 2014, we were organized into three segments. At the beginning of 2014 management approved a change in operating structure whereby AMK will operate within and be managed as part of the Oilfield Products business segment. Consequently, we combined AMK and DynaEnergetics into one reportable business segment, Oilfield Products. AMK represented 3% of segment assets, 4% of consolidated sales and 2% of segment operating income as of and for the year then ended December 31, 2013. All prior periods segment disclosures have been restated to conform to the 2014 presentation.

Due to the completed sale of AMK, as of December 31, 2014 the operating results of AMK have been classified as discontinued operations in all periods presented. All prior periods segment disclosures have been restated to conform to the 2014 presentation. Refer to Note 11 "Discontinued Operations" for further details.

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. DMC corporate and our U.S. NobelClad business fall under the same legal entity and historically their general ledgers have been combined. Beginning January 1, 2013, and in connection with implementing a new ERP system, we have separated DMC corporate and NobelClad U.S. into two general ledgers. Therefore we now have specifically identified corporate property, plant and equipment that are not allocated to our business segments. These assets consist of computer hardware, computer software, leasehold improvements and furniture related to our corporate offices.

Segment information is presented for the years ended December 31, 2014, 2013, and 2012 as follows:

	Year Ended December 31,		
	2014	2013	2012
Net sales:			
NobelClad	\$ 97,108	\$ 118,409	\$ 115,333
DynaEnergetics	105,453	83,651	77,404
Consolidated net sales	<u>\$ 202,561</u>	<u>\$ 202,060</u>	<u>\$ 192,737</u>
	Year Ended December 31,		
	2014	2013	2012
Income before income taxes:			
NobelClad	\$ 2,155	\$ 17,090	\$ 17,439
DynaEnergetics	14,479	4,506	6,568
Segment operating income	16,634	21,596	24,007
Unallocated corporate expenses	(6,381)	(7,217)	(3,565)
Stock-based compensation	(3,588)	(3,401)	(4,443)
Other income (expense)	(313)	(528)	(32)
Interest expense	(551)	(648)	(832)
Interest income	38	7	13
Consolidated income before income taxes	<u>\$ 5,839</u>	<u>\$ 9,809</u>	<u>\$ 15,148</u>
	Year Ended December 31,		
	2014	2013	2012
Depreciation and Amortization:			
NobelClad	\$ 6,482	\$ 6,118	\$ 5,580
DynaEnergetics	6,672	6,150	5,648
Segment depreciation and amortization	<u>\$ 13,154</u>	<u>\$ 12,268</u>	<u>\$ 11,228</u>
	Year Ended December 31,		
	2014	2013	2012
Capital Expenditures:			
NobelClad	\$ 13,696	\$ 2,425	\$ 4,747
DynaEnergetics	7,366	13,022	10,386
Segment capital expenditures	21,062	15,447	15,133
Corporate and other	341	776	—
Consolidated capital expenditures	<u>\$ 21,403</u>	<u>\$ 16,223</u>	<u>\$ 15,133</u>

	Year Ended December 31,	
	2014	2013
Assets:		
NobelClad	\$ 93,383	\$ 99,115
DynaEnergetics	103,914	112,919
Segment assets	197,297	212,034
Cash and cash equivalents	9,400	10,598
Prepaid expenses and other assets	6,438	6,170
Deferred tax assets	4,558	3,859
Corporate property, plant and equipment	1,636	1,585
Assets held for sale	—	6,299
Consolidated assets	\$ 219,329	\$ 240,545

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

	As of December 31,	
	2014	2013
United States	\$ 26,291	\$ 28,501
Germany	21,210	12,703
Russia	9,556	10,152
France	4,440	5,801
Canada	1,655	2,230
Kazakhstan	461	438
Rest of the world	222	390
Total	\$ 63,835	\$ 60,215

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

	For the Years Ended December 31,		
	2014	2013	2012
United States	\$ 91,009	\$ 88,532	\$ 71,155
Canada	23,532	18,142	21,083
Iraq	11,348	4,243	1,756
Russia	7,992	5,992	6,472
Germany	7,721	9,208	13,992
India	7,617	8,888	3,874
South Korea	7,362	11,642	9,469
France	5,478	3,756	6,249
China	1,800	606	7,986
Kazakhstan	1,551	2,513	2,359
Rest of the world	37,151	48,538	48,342
Total	\$ 202,561	\$ 202,060	\$ 192,737

During the years ended December 31, 2014, 2013 and 2012, 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. Future minimum rental commitments under non-cancelable leases are as follows:

	Operating Leases
Year ended December 31 -	
2015	\$ 1,880
2016	1,349
2017	985
2018	852
2019	508
Thereafter	940
Total minimum payments	\$ 6,514

Total rental expense included in continuing operations was \$4,103, \$3,838, and \$3,146 for the years ended December 31, 2014, 2013, and 2012, respectively.

During 2008, we entered into a license agreement and a risk allocation agreement related to our U.S. NobelClad business. These agreements, which were amended in 2012, 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 -	
2015	\$ 398
2016	398
2017	398
2018	398
2019	—
Thereafter	—
Total minimum payments	\$ 1,592

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. RETIREMENT EXPENSES

During the first quarter of 2013 and, as a result of board actions taken in January 2013, we recorded a one-time expense of \$2,965 associated with management retirements, the majority of which relates to the March 1, 2013 retirement of Yvon Cariou, our former President and Chief Executive Officer. This expense includes \$894 of stock-based compensation, with the remainder representing cash payments.

11. DISCONTINUED OPERATIONS

On October 1, 2014 DMC completed the sale of its AMK business. The net proceeds were \$6,830, after final purchase price adjustments, and the purchase was financed through \$4,330 in cash consideration and the issuance of a \$2,500 90-day secured promissory note to the Company which was paid in full by December 31, 2014. The excess of the selling price over the carrying value of \$1,476 was recorded in our Statement of Operations in the fourth quarter 2014. The operating results of AMK have been classified as discontinued operations in all periods presented.

Operating results of the discontinued operations (formerly included in the Oilfield Products segment) for the years ended December 31, 2014, 2013 and 2012 are summarized as follows:

	2014	2013	2012
Net sales	\$ 4,540	\$ 7,513	\$ 8,830
Income (loss) from operations	\$ (76)	\$ 719	\$ 1,404
Tax provision	1	241	461
Income (loss) from operations, net of tax	\$ (77)	\$ 478	\$ 943
Gain on sale of discontinued operations	\$ 1,476	\$ —	\$ —
Tax provision	758	—	—
Gain on sale of discontinued operations, net of tax	\$ 718	\$ —	\$ —

The assets and liabilities of AMK have been reflected in assets and liabilities held for sale in the Condensed Consolidated Balance Sheet as of December 31, 2013 and are comprised of the following:

	December 31, 2013
Cash	\$ 19
Accounts receivable	930
Inventory	359
Prepaid expenses and other	6
Current deferred tax assets	67
Property, plant and equipment, net	4,801
Noncurrent deferred tax assets	117
Total assets	\$ 6,299
Accounts payable	\$ 101
Accrued expenses	63
Accrued employee compensation	254
Customer advances	6
Noncurrent deferred tax liabilities	402
Total liabilities	\$ 826

12. RESTRUCTURING

On October 23, 2014 we signed an agreement to purchase a manufacturing facility in the Siegerland region of Germany for \$13,140. The facility will significantly enhance NobelClad segment's manufacturing capabilities and its ability to serve customers throughout Europe, the Middle East and Africa. On October 27, 2014, management announced the plan to restructure its NobelClad European operations. Clad metal plate production will be shifted from facilities in both Rivesaltes, France and Wurgendorf, Germany to the new manufacturing facility in Germany. NobelClad's Rivesaltes plant will continue to produce transition joints with a reduced workforce while the Wurgendorf site will be closed and its workers will be transferred to the new facility. We expect to incur total pretax restructuring and impairment charges of approximately \$7,250 associated with this plan.

of which \$6,781 (\$5,135 after-tax) was incurred in the fourth quarter of 2014. The pretax restructuring charges recorded in the fourth quarter of 2014 included severance of \$2,466, non-cash impairment charges of \$3,946 primarily associated with the Wurgendorf facility and leasehold improvements at a leased facility in France, both of which are being closed under the consolidation program, and other exit costs of \$369. The restructuring and impairment charges are reported in the "restructuring expenses" line item in our consolidated statement of operations for the the year ended December 31, 2014. We expect to incur additional restructuring charges of approximately \$500 primarily related to equipment relocation in the first and second quarters of 2015. As of December 31, 2014 we recorded a liability for restructuring charges of \$2,486 primarily related to accrued severance, which we will be paid out in 2015.

13. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

As more fully discussed in Note 3 "Restatement of Previously-Issued Financial Statements," the following operating results for each of the eight fiscal quarters in the two year period ended December 31, 2014 (except for the current quarter ending December 31, 2014) have been restated to reflect adjustments to our previously-issued consolidated financial statements.

The "As Reported" financial statements reflect the financial results of AMK as discontinued operations due to the completed sale of AMK on October 1, 2014. See Note 11 "Discontinued Operations" for further details. For the years ended December 31, 2014 and 2013, AMK represented less than 5% of consolidated assets, consolidated sales and consolidated operating income.

The following tables summarize the impact of the restatement on our previously reported interim consolidated balance sheet for fiscal years 2014 and 2013 (in thousands, except share and per share data):

	March 31, 2014			March 31, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 9,131	\$ —	\$ 9,131	\$ 8,246	\$ —	\$ 8,246
Accounts receivable, net of allowance for doubtful accounts of \$459 and \$440, respectively	35,973	—	35,973	31,948	—	31,948
Inventory, net	43,106	(54)	43,052	46,491	—	46,491
Prepaid expenses and other	6,142	(98)	6,044	5,956	(89)	5,867
Current deferred tax assets	2,424	16	2,440	1,587	2	1,589
Assets held for sale	6,276	—	6,276	5,402	—	5,402
Total current assets	103,052	(136)	102,916	99,630	(87)	99,543
PROPERTY, PLANT AND EQUIPMENT	100,208	—	100,208	85,896	—	85,896
Less - accumulated depreciation	(40,934)	202	(40,732)	(33,661)	—	(33,661)
Property, plant and equipment, net	59,274	202	59,476	52,235	—	52,235
GOODWILL, net	37,689	—	37,689	36,125	—	36,125
PURCHASED INTANGIBLE ASSETS, net	34,597	—	34,597	39,428	—	39,428
DEFERRED TAX ASSETS	552	44	596	1,060	(138)	922
OTHER ASSETS, net	1,711	—	1,711	529	—	529
TOTAL ASSETS	\$ 236,875	\$ 110	\$ 236,985	\$ 229,007	\$ (225)	\$ 228,782

	March 31, 2014			March 31, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ 13,438	\$ —	\$ 13,438	\$ 10,362	\$ —	\$ 10,362
Accrued expenses	4,315	—	4,315	4,453	—	4,453
Dividend payable	557	—	557	547	—	547
Accrued income taxes	2,034	(102)	1,932	295	5	300
Accrued employee compensation and benefits	3,140	—	3,140	3,778	—	3,778
Customer advances	2,996	—	2,996	1,378	—	1,378
Current debt obligations	516	—	516	64	—	64
Current portion of capital lease obligations	10	—	10	50	—	50
Current deferred tax liabilities	404	—	404	155	—	155
Liabilities related to assets held for sale	758	—	758	543	—	543
Total current liabilities	28,168	(102)	28,066	21,625	5	21,630
LINES OF CREDIT	26,900	—	26,900	38,256	—	38,256
LONG-TERM DEBT	—	—	—	37	—	37
CAPITAL LEASE OBLIGATIONS	7	—	7	6	—	6
DEFERRED TAX LIABILITIES	7,566	158	7,724	8,344	(1,021)	7,323
OTHER LONG-TERM LIABILITIES	1,930	88	2,018	1,582	—	1,582
Total liabilities	64,571	144	64,715	69,850	(1,016)	68,834
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)						
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; 13,944,094 and 13,683,307 shares issued and outstanding, respectively	698	—	698	684	—	684
Additional paid-in capital	63,589	101	63,690	60,682	—	60,682
Retained earnings	114,480	(160)	114,320	107,769	919	108,688
Other cumulative comprehensive loss	(6,463)	25	(6,438)	(10,087)	(128)	(10,215)
Total DMC's stockholders' equity	172,304	(34)	172,270	159,048	791	159,839
Non-controlling interest	—	—	—	109	—	109
Total stockholders' equity	172,304	(34)	172,270	159,157	791	159,948
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 236,875	\$ 110	\$ 236,985	\$ 229,007	\$ (225)	\$ 228,782

	June 30, 2014			June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 8,643	\$ —	\$ 8,643	\$ 2,368	\$ —	\$ 2,368
Accounts receivable, net of allowance for doubtful accounts of \$504 and \$471, respectively	38,409	—	38,409	39,959	—	39,959
Inventory, net	45,887	—	45,887	45,190	—	45,190
Prepaid expenses and other	7,218	(98)	7,120	5,504	(89)	5,415
Current deferred tax assets	2,532	16	2,548	1,944	2	1,946
Assets held for sale	6,155	—	6,155	6,206	—	6,206
Total current assets	108,844	(82)	108,762	101,171	(87)	101,084
PROPERTY, PLANT AND EQUIPMENT	102,564	—	102,564	90,651	—	90,651
Less - accumulated depreciation	(42,220)	202	(42,018)	(35,010)	—	(35,010)
Property, plant and equipment, net	60,344	202	60,546	55,641	—	55,641
GOODWILL, net	37,161	—	37,161	36,447	—	36,447
PURCHASED INTANGIBLE ASSETS, net	32,939	—	32,939	38,121	—	38,121
DEFERRED TAX ASSETS	792	(276)	516	458	(139)	319
OTHER ASSETS, net	1,868	—	1,868	505	—	505
TOTAL ASSETS	\$ 241,948	\$ (156)	\$ 241,792	\$ 232,343	\$ (226)	\$ 232,117

	June 30, 2014			June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ 9,689	\$ —	\$ 9,689	\$ 14,111	\$ —	\$ 14,111
Accrued expenses	3,671	—	3,671	4,657	—	4,657
Dividend payable	559	—	559	549	—	549
Accrued income taxes	2,471	(154)	2,317	906	5	911
Accrued employee compensation and benefits	4,119	—	4,119	4,338	—	4,338
Customer advances	2,617	—	2,617	4,758	—	4,758
Current debt obligations	20	—	20	63	—	63
Current portion of capital lease obligations	5	—	5	45	—	45
Current deferred tax liabilities	417	—	417	155	—	155
Liabilities related to assets held for sale	742	—	742	820	—	820
Total current liabilities	24,310	(154)	24,156	30,402	5	30,407
LINES OF CREDIT	31,800	—	31,800	28,843	—	28,843
LONG-TERM DEBT	—	—	—	20	—	20
CAPITAL LEASE OBLIGATIONS	6	—	6	—	—	—
DEFERRED TAX LIABILITIES	7,186	554	7,740	8,050	(646)	7,404
OTHER LONG-TERM LIABILITIES	2,000	58	2,058	1,668	—	1,668
Total liabilities	65,302	458	65,760	68,983	(641)	68,342
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)						
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; 13,979,119 and 13,750,163 shares issued and outstanding, respectively	699	—	699	688	—	688
Additional paid-in capital	64,861	89	64,950	61,530	—	61,530
Retained earnings	116,808	(731)	116,077	110,659	545	111,204
Other cumulative comprehensive loss	(5,722)	28	(5,694)	(9,642)	(130)	(9,772)
Total DMC's stockholders' equity	176,646	(614)	176,032	163,235	415	163,650
Non-controlling interest	—	—	—	125	—	125
Total stockholders' equity	176,646	(614)	176,032	163,360	415	163,775
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 241,948	\$ (156)	\$ 241,792	\$ 232,343	\$ (226)	\$ 232,117

	September 30, 2014			September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 14,932	\$ —	\$ 14,932	\$ 9,333	\$ —	\$ 9,333
Accounts receivable, net of allowance for doubtful accounts of \$599 and \$340, respectively	30,923	—	30,923	30,394	—	30,394
Inventory, net	41,846	280	42,126	41,384	—	41,384
Prepaid expenses and other	7,161	(378)	6,783	3,977	(89)	3,888
Current deferred tax assets	5,583	16	5,599	2,513	2	2,515
Assets held for sale	6,011	—	6,011	6,610	—	6,610
Total current assets	106,456	(82)	106,374	94,211	(87)	94,124
PROPERTY, PLANT AND EQUIPMENT	100,305	—	100,305	95,717	—	95,717
Less - accumulated depreciation	(42,625)	202	(42,423)	(36,469)	—	(36,469)
Property, plant and equipment, net	57,680	202	57,882	59,248	—	59,248
GOODWILL, net	34,382	—	34,382	37,553	—	37,553
PURCHASED INTANGIBLE ASSETS, net	29,403	—	29,403	37,646	—	37,646
DEFERRED TAX ASSETS	439	(9)	430	397	(239)	158
OTHER ASSETS, net	1,236	—	1,236	499	—	499
TOTAL ASSETS	\$ 229,596	\$ 111	\$ 229,707	\$ 229,554	\$ (326)	\$ 229,228

	September 30, 2014			September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ 9,104	\$ —	\$ 9,104	\$ 9,020	\$ —	\$ 9,020
Accrued expenses	3,245	—	3,245	4,222	—	4,222
Dividend payable	559	—	559	550	—	550
Accrued income taxes	3,030	(58)	2,972	1,325	(88)	1,237
Accrued employee compensation and benefits	4,667	—	4,667	5,346	—	5,346
Customer advances	2,364	—	2,364	1,387	—	1,387
Current debt obligations	4	—	4	65	—	65
Current portion of capital lease obligations	5	—	5	33	—	33
Current deferred tax liabilities	435	—	435	274	—	274
Liabilities related to assets held for sale	721	—	721	765	—	765
Total current liabilities	24,134	(58)	24,076	22,987	(88)	22,899
LINES OF CREDIT	26,000	—	26,000	25,550	—	25,550
LONG-TERM DEBT	—	—	—	5	—	5
CAPITAL LEASE OBLIGATIONS	4	—	4	—	—	—
DEFERRED TAX LIABILITIES	8,641	866	9,507	8,084	(242)	7,842
OTHER LONG-TERM LIABILITIES	1,958	30	1,988	1,755	—	1,755
Total liabilities	60,737	838	61,575	58,381	(330)	58,051
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)						
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; 13,979,119 and 13,759,007 shares issued and outstanding, respectively	699	—	699	688	—	688
Additional paid-in capital	65,836	78	65,914	62,099	—	62,099
Retained earnings	118,745	(888)	117,857	113,670	167	113,837
Other cumulative comprehensive loss	(16,421)	83	(16,338)	(5,464)	(163)	(5,627)
Total DMC's stockholders' equity	168,859	(727)	168,132	170,993	4	170,997
Non-controlling interest	—	—	—	180	—	180
Total stockholders' equity	168,859	(727)	168,132	171,173	4	171,177
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 229,596	\$ 111	\$ 229,707	\$ 229,554	\$ (326)	\$ 229,228

The following tables summarize the impact of the restatement on our previously reported interim consolidated statement of operations (in thousands, except per share data):

	Three months ended March 31, 2014			Three months ended March 31, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 46,769	\$ —	\$ 46,769	\$ 44,836	\$ —	\$ 44,836
COST OF PRODUCTS SOLD	32,203	(148)	32,055	32,047	—	32,047
Gross profit	14,566	148	14,714	12,789	—	12,789
COSTS AND EXPENSES:						
General and administrative expenses	5,542	250	5,792	8,014	—	8,014
Selling and distribution expenses	4,223	—	4,223	4,030	—	4,030
Amortization of purchased intangible assets	1,616	—	1,616	1,585	—	1,585
Total costs and expenses	11,381	250	11,631	13,629	—	13,629
INCOME (LOSS) FROM OPERATIONS	3,185	(102)	3,083	(840)	—	(840)
OTHER INCOME (EXPENSE):						
Other income (expense), net	(435)	—	(435)	296	—	296
Interest expense	(109)	—	(109)	(172)	—	(172)
Interest income	5	—	5	3	—	3
INCOME (LOSS) BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON-CONTROLLING INTEREST	2,646	(102)	2,544	(713)	—	(713)
INCOME TAX PROVISION (BENEFIT)	692	49	741	(1,049)	108	(941)
INCOME FROM CONTINUING OPERATIONS	1,954	(151)	1,803	336	(108)	228
DISCONTINUED OPERATIONS:						
Loss from operations of discontinued operations, net of tax	(316)	—	(316)	(93)	—	(93)
NET INCOME	1,638	(151)	1,487	243	(108)	135
Less: Net income attributable to non-controlling interest	—	—	—	28	—	28
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 1,638	\$ (151)	\$ 1,487	\$ 215	\$ (108)	\$ 107
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.14	\$ (0.01)	\$ 0.13	\$ 0.03	\$ (0.01)	\$ 0.02
Discontinued operations	\$ (0.02)	\$ —	\$ (0.02)	\$ (0.01)	\$ —	\$ (0.01)
Net income	\$ 0.12	\$ (0.01)	\$ 0.11	\$ 0.02	\$ (0.01)	\$ 0.01
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.14	\$ (0.01)	\$ 0.13	\$ 0.03	\$ (0.01)	\$ 0.02
Discontinued operations	\$ (0.02)	\$ —	\$ (0.02)	\$ (0.01)	\$ —	\$ (0.01)
Net income	\$ 0.12	\$ (0.01)	\$ 0.11	\$ 0.02	\$ (0.01)	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,644,239	—	13,644,239	13,509,792	—	13,509,792
Diluted	13,649,953	—	13,649,953	13,513,797	—	13,513,797
DIVIDENDS DECLARED PER COMMON SHARE						
	\$ 0.04	\$ —	\$ 0.04	\$ 0.04	\$ —	\$ 0.04

	Three months ended June 30, 2014			Three months ended June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 51,911	\$ —	\$ 51,911	\$ 55,554	\$ —	\$ 55,554
COST OF PRODUCTS SOLD	36,067	(54)	36,013	39,155	—	39,155
Gross profit	15,844	54	15,898	16,399	—	16,399
COSTS AND EXPENSES:						
General and administrative expenses	5,813	(42)	5,771	5,006	—	5,006
Selling and distribution expenses	4,733	—	4,733	4,310	—	4,310
Amortization of purchased intangible assets	1,617	—	1,617	1,568	—	1,568
Total costs and expenses	12,163	(42)	12,121	10,884	—	10,884
INCOME FROM OPERATIONS	3,681	96	3,777	5,515	—	5,515
OTHER INCOME (EXPENSE):						
Other income (expense), net	332	—	332	(420)	—	(420)
Interest expense	(174)	—	(174)	(183)	—	(183)
Interest income	1	—	1	1	—	1
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON- CONTROLLING INTEREST	3,840	96	3,936	4,913	—	4,913
INCOME TAX PROVISION	1,172	667	1,839	1,768	373	2,141
INCOME FROM CONTINUING OPERATIONS	2,668	(571)	2,097	3,145	(373)	2,772
DISCONTINUED OPERATIONS:						
Income from operations of discontinued operations, net of tax	219	—	219	310	—	310
NET INCOME	2,887	(571)	2,316	3,455	(373)	3,082
Less: Net income attributable to non- controlling interest	—	—	—	15	—	15
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 2,887	\$ (571)	\$ 2,316	\$ 3,440	\$ (373)	\$ 3,067
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.19	\$ (0.04)	\$ 0.15	\$ 0.23	\$ (0.03)	\$ 0.20
Discontinued operations	\$ 0.02	\$ —	\$ 0.02	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.21	\$ (0.04)	\$ 0.17	\$ 0.25	\$ (0.03)	\$ 0.22
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.19	\$ (0.04)	\$ 0.15	\$ 0.23	\$ (0.03)	\$ 0.20
Discontinued operations	\$ 0.02	\$ —	\$ 0.02	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.21	\$ (0.04)	\$ 0.17	\$ 0.25	\$ (0.03)	\$ 0.22
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,672,457	—	13,672,457	13,526,623	—	13,526,623
Diluted	13,677,911	—	13,677,911	13,530,588	—	13,530,588
DIVIDENDS DECLARED PER COMMON SHARE						
	\$ 0.04	\$ —	\$ 0.04	\$ 0.04	\$ —	\$ 0.04

	Six months ended June 30, 2014			Six months ended June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 98,680	\$ —	\$ 98,680	\$ 100,390	\$ —	\$ 100,390
COST OF PRODUCTS SOLD	68,269	(202)	68,067	71,203	—	71,203
Gross profit	30,411	202	30,613	29,187	—	29,187
COSTS AND EXPENSES:						
General and administrative expenses	11,356	208	11,564	13,019	—	13,019
Selling and distribution expenses	8,956	—	8,956	8,340	—	8,340
Amortization of purchased intangible assets	3,232	—	3,232	3,153	—	3,153
Total costs and expenses	23,544	208	23,752	24,512	—	24,512
INCOME FROM OPERATIONS	6,867	(6)	6,861	4,675	—	4,675
OTHER INCOME (EXPENSE):						
Other income (expense), net	(103)	—	(103)	(124)	—	(124)
Interest expense	(283)	—	(283)	(355)	—	(355)
Interest income	5	—	5	4	—	4
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON- CONTROLLING INTEREST	6,486	(6)	6,480	4,200	—	4,200
INCOME TAX PROVISION	1,864	716	2,580	719	482	1,201
INCOME FROM CONTINUING OPERATIONS	4,622	(722)	3,900	3,481	(482)	2,999
DISCONTINUED OPERATIONS:						
Income (loss) from operations of discontinued operations, net of tax	(97)	—	(97)	217	—	217
NET INCOME	4,525	(722)	3,803	3,698	(482)	3,216
Less: Net income attributable to non-controlling interest	—	—	—	43	—	43
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 4,525	\$ (722)	\$ 3,803	\$ 3,655	\$ (482)	\$ 3,173
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.33	\$ (0.05)	\$ 0.28	\$ 0.25	\$ (0.04)	\$ 0.21
Discontinued operations	\$ (0.01)	\$ —	\$ (0.01)	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.32	\$ (0.05)	\$ 0.27	\$ 0.27	\$ (0.04)	\$ 0.23
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.33	\$ (0.05)	\$ 0.28	\$ 0.25	\$ (0.04)	\$ 0.21
Discontinued operations	\$ (0.01)	\$ —	\$ (0.01)	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.32	\$ (0.05)	\$ 0.27	\$ 0.27	\$ (0.04)	\$ 0.23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,668,223	—	13,668,223	13,523,028	—	13,523,028
Diluted	13,673,807	—	13,673,807	13,527,011	—	13,527,011
DIVIDENDS DECLARED PER COMMON SHARE						
	\$ 0.08	\$ —	\$ 0.08	\$ 0.08	\$ —	\$ 0.08

	Three months ended September 30, 2014			Three months ended September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 51,886	\$ —	\$ 51,886	\$ 52,331	\$ —	\$ 52,331
COST OF PRODUCTS SOLD	36,803	—	36,803	36,229	—	36,229
Gross profit	15,083	—	15,083	16,102	—	16,102
COSTS AND EXPENSES:						
General and administrative expenses	5,503	(40)	5,463	5,672	—	5,672
Selling and distribution expenses	4,639	—	4,639	3,658	—	3,658
Amortization of purchased intangible assets	1,575	—	1,575	1,581	—	1,581
Total costs and expenses	11,717	(40)	11,677	10,911	—	10,911
INCOME FROM OPERATIONS	3,366	40	3,406	5,191	—	5,191
OTHER INCOME (EXPENSE):						
Other income (expense), net	472	—	472	(247)	—	(247)
Interest expense	(137)	—	(137)	(129)	—	(129)
Interest income	1	—	1	1	—	1
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON- CONTROLLING INTEREST	3,702	40	3,742	4,816	—	4,816
INCOME TAX PROVISION	1,224	196	1,420	1,460	378	1,838
INCOME FROM CONTINUING OPERATIONS	2,478	(156)	2,322	3,356	(378)	2,978
DISCONTINUED OPERATIONS:						
Income from operations of discontinued operations, net of tax	20	—	20	255	—	255
NET INCOME	2,498	(156)	2,342	3,611	(378)	3,233
Less: Net income attributable to non- controlling interest	—	—	—	49	—	49
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 2,498	\$ (156)	\$ 2,342	\$ 3,562	\$ (378)	\$ 3,184
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.18	\$ (0.01)	\$ 0.17	\$ 0.24	\$ (0.03)	\$ 0.21
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.18	\$ (0.01)	\$ 0.17	\$ 0.26	\$ (0.03)	\$ 0.23
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.18	\$ (0.01)	\$ 0.17	\$ 0.24	\$ (0.03)	\$ 0.21
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.02	\$ —	\$ 0.02
Net income	\$ 0.18	\$ (0.01)	\$ 0.17	\$ 0.26	\$ (0.03)	\$ 0.23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,688,649	—	13,688,649	13,540,394	—	13,540,394
Diluted	13,690,174	—	13,690,174	13,544,665	—	13,544,665
DIVIDENDS DECLARED PER COMMON SHARE						
	\$ 0.04	\$ —	\$ 0.04	\$ 0.04	\$ —	\$ 0.04

	Nine months ended September 30, 2014			Nine months ended September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
NET SALES	\$ 150,566	\$ —	\$ 150,566	\$ 152,720	\$ —	\$ 152,720
COST OF PRODUCTS SOLD	105,073	(202)	104,871	107,431	—	107,431
Gross profit	45,493	202	45,695	45,289	—	45,289
COSTS AND EXPENSES:						
General and administrative expenses	16,858	169	17,027	18,694	—	18,694
Selling and distribution expenses	13,596	—	13,596	11,997	—	11,997
Amortization of purchased intangible assets	4,808	—	4,808	4,734	—	4,734
Total costs and expenses	35,262	169	35,431	35,425	—	35,425
INCOME FROM OPERATIONS	10,231	33	10,264	9,864	—	9,864
OTHER INCOME (EXPENSE):						
Other income (expense), net	369	—	369	(371)	—	(371)
Interest expense	(420)	—	(420)	(484)	—	(484)
Interest income	6	—	6	5	—	5
INCOME BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON- CONTROLLING INTEREST	10,186	33	10,219	9,014	—	9,014
INCOME TAX PROVISION	3,088	912	4,000	2,179	860	3,039
INCOME FROM CONTINUING OPERATIONS	7,098	(879)	6,219	6,835	(860)	5,975
DISCONTINUED OPERATIONS:						
Income (loss) from operations of discontinued operations, net of tax	(77)	—	(77)	473	—	473
NET INCOME	7,021	(879)	6,142	7,308	(860)	6,448
Less: Net income attributable to non-controlling interest	—	—	—	92	—	92
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	\$ 7,021	\$ (879)	\$ 6,142	\$ 7,216	\$ (860)	\$ 6,356
INCOME PER SHARE - BASIC:						
Continuing operations	\$ 0.51	\$ (0.06)	\$ 0.45	\$ 0.49	\$ (0.06)	\$ 0.43
Discontinued operations	\$ (0.01)	\$ —	\$ (0.01)	\$ 0.03	\$ —	\$ 0.03
Net income	\$ 0.50	\$ (0.06)	\$ 0.44	\$ 0.52	\$ (0.06)	\$ 0.46
INCOME PER SHARE - DILUTED:						
Continuing operations	\$ 0.51	\$ (0.06)	\$ 0.45	\$ 0.49	\$ (0.06)	\$ 0.43
Discontinued operations	\$ (0.01)	\$ —	\$ (0.01)	\$ 0.03	\$ —	\$ 0.03
Net income	\$ 0.50	\$ (0.06)	\$ 0.44	\$ 0.52	\$ (0.06)	\$ 0.46
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	13,676,730	—	13,676,730	13,528,880	—	13,528,880
Diluted	13,681,790	—	13,681,790	13,532,973	—	13,532,973
DIVIDENDS DECLARED PER COMMON SHARE						
	\$ 0.12	\$ —	\$ 0.12	\$ 0.12	\$ —	\$ 0.12

	Three months ended December 31, 2014	Three months ended December, 2013		
	As Reported	As Reported	Adjustments	Restated
NET SALES	\$ 51,995	\$ 49,339	\$ —	\$ 49,339
COST OF PRODUCTS SOLD	36,271	36,495	—	36,495
Gross profit	15,724	12,844	—	12,844
COSTS AND EXPENSES:				
General and administrative expenses	6,740	5,980	—	5,980
Selling and distribution expenses	4,509	4,138	—	4,138
Amortization of purchased intangible assets	1,295	1,614	—	1,614
Restructuring expenses	6,781	—	—	—
Total costs and expenses	19,325	11,732	—	11,732
INCOME (LOSS) FROM OPERATIONS	(3,601)	1,112	—	1,112
OTHER INCOME (EXPENSE):				
Other income (expense), net	(682)	(157)	—	(157)
Interest expense	(132)	(164)	—	(164)
Interest income	32	2	—	2
INCOME (LOSS) BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND NON- CONTROLLING INTEREST	(4,383)	793	—	793
INCOME TAX PROVISION (BENEFIT)	(87)	522	176	698
INCOME (LOSS) FROM CONTINUING OPERATIONS	(4,296)	271	(176)	95
DISCONTINUED OPERATIONS:				
Income from operations of discontinued operations, net of tax	—	6	—	6
Gain on sale of discontinued operations, net of tax	718	—	—	—
Income from discontinued operations	718	6	—	6
NET INCOME (LOSS)	(3,578)	277	(176)	101
INCOME (LOSS) PER SHARE - BASIC:				
Continuing operations	\$ (0.32)	\$ 0.02	\$ (0.01)	\$ 0.01
Discontinued operations	\$ 0.05	\$ —	\$ —	\$ —
Net income	\$ (0.27)	\$ 0.02	\$ (0.01)	\$ 0.01
INCOME (LOSS) PER SHARE - DILUTED:				
Continuing operations	\$ (0.32)	\$ 0.02	\$ (0.01)	\$ 0.01
Discontinued operations	\$ 0.05	\$ —	\$ —	\$ —
Net income	\$ (0.27)	\$ 0.02	\$ (0.01)	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:				
Basic	13,696,399	13,543,007	—	13,543,007
Diluted	13,697,821	13,549,288	—	13,549,288
DIVIDENDS DECLARED PER COMMON SHARE				
	\$ 0.04	\$ 0.04	\$ —	\$ 0.04

The following tables summarize the impact of the restatement on our previously reported interim consolidated statements of comprehensive income (loss) for the fiscal years 2014 and 2013 (in thousands):

	Three months ended March 31, 2014			Three months ended March 31, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 1,638	\$ (151)	\$ 1,487	\$ 243	\$ (108)	\$ 135
Change in cumulative foreign currency translation adjustment	(2,233)	(221)	(2,454)	(3,627)	8	(3,619)
Total comprehensive loss	(595)	(372)	(967)	(3,384)	(100)	(3,484)
Comprehensive income attributable to non-controlling interest	—	—	—	25	—	25
Comprehensive loss attributable to Dynamic Materials Corporation	\$ (595)	\$ (372)	\$ (967)	\$ (3,409)	\$ (100)	\$ (3,509)

	Three months ended June 30, 2014			Three months ended June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 2,887	\$ (571)	\$ 2,316	\$ 3,455	\$ (373)	\$ 3,082
Change in cumulative foreign currency translation adjustment	741	3	744	446	(3)	443
Total comprehensive income	3,628	(568)	3,060	3,901	(376)	3,525
Comprehensive income attributable to non-controlling interest	—	—	—	16	—	16
Comprehensive income attributable to Dynamic Materials Corporation	\$ 3,628	\$ (568)	\$ 3,060	\$ 3,885	\$ (376)	\$ 3,509

	Six months ended June 30, 2014			Six months ended June 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 4,525	\$ (722)	\$ 3,803	\$ 3,698	\$ (482)	\$ 3,216
Change in cumulative foreign currency translation adjustment	(1,492)	(218)	(1,710)	(3,181)	6	(3,175)
Total comprehensive income	3,033	(940)	2,093	517	(476)	41
Comprehensive income attributable to non-controlling interest	—	—	—	41	—	41
Comprehensive income attributable to Dynamic Materials Corporation	\$ 3,033	\$ (940)	\$ 2,093	\$ 476	\$ (476)	\$ —

	Three months ended September, 2014			Three months ended September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 2,498	\$ (156)	\$ 2,342	\$ 3,611	\$ (378)	\$ 3,233
Change in cumulative foreign currency translation adjustment	(10,701)	54	(10,647)	4,183	(33)	4,150
Total comprehensive income (loss)	(8,203)	(102)	(8,305)	7,794	(411)	7,383
Comprehensive income attributable to non-controlling interest	—	—	—	55	—	55
Comprehensive income (loss) attributable to Dynamic Materials Corporation	\$ (8,203)	\$ (102)	\$ (8,305)	\$ 7,739	\$ (411)	\$ 7,328
	Nine months ended September 30, 2014			Nine months ended September 30, 2013		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income including non-controlling interest	\$ 7,021	\$ (879)	\$ 6,142	\$ 7,308	\$ (860)	\$ 6,448
Change in cumulative foreign currency translation adjustment	(12,191)	(163)	(12,354)	1,003	(27)	976
Total comprehensive income (loss)	(5,170)	(1,042)	(6,212)	8,311	(887)	7,424
Comprehensive income attributable to non-controlling interest	—	—	—	96	—	96
Comprehensive income (loss) attributable to Dynamic Materials Corporation	\$ (5,170)	\$ (1,042)	\$ (6,212)	\$ 8,215	\$ (887)	\$ 7,328

The following tables summarize the impact of the restatement on our previously reported interim consolidated statement of cash flows for fiscal years 2014 and 2013 (in thousands):

	Three months ended March 31, 2014		
	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 1,638	\$ (151)	\$ 1,487
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations, net of tax	316	—	316
Depreciation (including capital lease amortization)	1,826	(202)	1,624
Amortization of purchased intangible assets	1,616	—	1,616
Amortization of deferred debt issuance costs	25	—	25
Stock-based compensation	555	162	717
Deferred income tax benefit	612	58	670
Change in:			
Accounts receivable, net	1,570	—	1,570
Inventory, net	(2,513)	54	(2,459)
Prepaid expenses and other	(1,867)	—	(1,867)
Accounts payable	(1,051)	—	(1,051)
Customer advances	1,980	—	1,980
Accrued expenses and other liabilities	(1,291)	140	(1,151)
Net cash flows provided by continuing operations	3,416	61	3,477
Net cash flows used in discontinued operations	(298)	—	(298)
Net cash provided by operating activities	3,118	61	3,179
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(1,994)	—	(1,994)
Change in other non-current assets	32	—	32
Net cash flows used in continuing operations	(1,962)	—	(1,962)
Net cash flows used in discontinued operations	(63)	—	(63)
Net cash used in investing activities	(2,025)	—	(2,025)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(1,863)	—	(1,863)
Payment on loans with former owners of LRI	(15)	—	(15)
Payment on capital lease obligations	(15)	—	(15)
Payment of dividends	(550)	—	(550)
Net proceeds from issuance of common stock to employees and directors	22	—	22
Excess tax benefit from stock-based compensation	87	(61)	26
Net cash used in financing activities	(2,334)	(61)	(2,395)
EFFECTS OF EXCHANGE RATES ON CASH	(226)	—	(226)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,467)	—	(1,467)
CASH AND CASH EQUIVALENTS, beginning of the period	10,598	—	10,598
CASH AND CASH EQUIVALENTS, end of the period	\$ 9,131	\$ —	\$ 9,131

Six months ended June 30, 2014

	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 4,525	\$ (722)	\$ 3,803
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations, net of tax	97	—	97
Depreciation (including capital lease amortization)	3,581	(202)	3,379
Amortization of purchased intangible assets	3,232	—	3,232
Amortization of deferred debt issuance costs	51	—	51
Stock-based compensation	1,591	150	1,741
Deferred income tax benefit	72	776	848
Loss on disposal of property, plant and equipment	5	—	5
Change in:			
Accounts receivable, net	(858)	—	(858)
Inventory, net	(5,000)	—	(5,000)
Prepaid expenses and other	(2,873)	—	(2,873)
Accounts payable	(4,778)	—	(4,778)
Customer advances	1,613	—	1,613
Accrued expenses and other liabilities	(645)	59	(586)
Net cash flows provided by continuing operations	613	61	674
Net cash flows provided by discontinued operations	48	—	48
Net cash provided by operating activities	661	61	722
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(4,123)	—	(4,123)
Change in other non-current assets	(59)	—	(59)
Net cash flows used in continuing operations	(4,182)	—	(4,182)
Net cash flows used in discontinued operations	(85)	—	(85)
Net cash used in investing activities	(4,267)	—	(4,267)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	2,555	—	2,555
Payment on loans with former owners of LRI	(31)	—	(31)
Payment on capital lease obligations	(22)	—	(22)
Payment of dividends	(1,108)	—	(1,108)
Net proceeds from issuance of common stock to employees and directors	234	—	234
Excess tax benefit from stock-based compensation	112	(61)	51
Net cash provided by financing activities	1,740	(61)	1,679
EFFECTS OF EXCHANGE RATES ON CASH	(89)	—	(89)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,955)	—	(1,955)
CASH AND CASH EQUIVALENTS, beginning of the period	10,598	—	10,598
CASH AND CASH EQUIVALENTS, end of the period	\$ 8,643	\$ —	\$ 8,643

	Nine months ended September 30, 2014		
	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 7,021	\$ (879)	\$ 6,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations, net of tax	77	—	77
Depreciation (including capital lease amortization)	5,406	(202)	5,204
Amortization of purchased intangible assets	4,808	—	4,808
Amortization of deferred debt issuance costs	76	—	76
Stock-based compensation	2,565	139	2,704
Deferred income tax benefit	(608)	863	255
Loss on disposal of property, plant and equipment	6	—	6
Change in:			
Accounts receivable, net	5,342	—	5,342
Inventory, net	(3,012)	280	(2,732)
Prepaid expenses and other	(3,146)	(267)	(3,413)
Accounts payable	(5,084)	—	(5,084)
Customer advances	1,445	—	1,445
Accrued expenses and other liabilities	683	127	810
Net cash flows provided by continuing operations	15,579	61	15,640
Net cash flows provided by discontinued operations	239	—	239
Net cash provided by operating activities	15,818	61	15,879
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(6,472)	—	(6,472)
Change in other non-current assets	373	—	373
Net cash flows used in continuing operations	(6,099)	—	(6,099)
Net cash flows used in discontinued operations	(120)	—	(120)
Net cash used in investing activities	(6,219)	—	(6,219)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(3,213)	—	(3,213)
Payment on loans with former owners of LRI	(47)	—	(47)
Payment on capital lease obligations	(23)	—	(23)
Payment of dividends	(1,667)	—	(1,667)
Net proceeds from issuance of common stock to employees and directors	234	—	234
Excess tax benefit from stock-based compensation	113	(61)	52
Net cash used in financing activities	(4,603)	(61)	(4,664)
EFFECTS OF EXCHANGE RATES ON CASH	(662)	—	(662)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,334	—	4,334
CASH AND CASH EQUIVALENTS, beginning of the period	10,598	—	10,598
CASH AND CASH EQUIVALENTS, end of the period	\$ 14,932	\$ —	\$ 14,932

Three months ended March 31, 2013

	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 243	\$ (108)	\$ 135
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations, net of tax	93	—	93
Depreciation (including capital lease amortization)	1,272	—	1,272
Amortization of purchased intangible assets	1,585	—	1,585
Amortization of deferred debt issuance costs	25	—	25
Stock-based compensation	1,422	—	1,422
Deferred income tax benefit	130	173	303
Loss on disposal of property, plant and equipment	21	—	21
Change in:			
Accounts receivable, net	2,784	—	2,784
Inventory, net	619	—	619
Prepaid expenses and other	(952)	—	(952)
Accounts payable	(596)	—	(596)
Customer advances	55	—	55
Accrued expenses and other liabilities	(916)	(65)	(981)
Net cash flows provided by continuing operations	5,785	—	5,785
Net cash flows provided by discontinued operations	559	—	559
Net cash provided by operating activities	6,344	—	6,344
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(4,366)	—	(4,366)
Change in other non-current assets	45	—	45
Net cash flows used in continuing operations	(4,321)	—	(4,321)
Net cash flows used in discontinued operations	(87)	—	(87)
Net cash used in investing activities	(4,408)	—	(4,408)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(202)	—	(202)
Payment on loans with former owners of LRI	(16)	—	(16)
Payment on capital lease obligations	(13)	—	(13)
Payment of dividends	(540)	—	(540)
Excess tax benefit from stock-based compensation	(890)	—	(890)
Net cash used in financing activities	(1,661)	—	(1,661)
EFFECTS OF EXCHANGE RATES ON CASH	(247)	—	(247)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28	—	28
CASH AND CASH EQUIVALENTS, beginning of the period	8,218	—	8,218
CASH AND CASH EQUIVALENTS, end of the period	\$ 8,246	\$ —	\$ 8,246

Six months ended June 30, 2013

	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 3,698	\$ (482)	\$ 3,216
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	(217)	—	(217)
Depreciation (including capital lease amortization)	2,583	—	2,583
Amortization of purchased intangible assets	3,153	—	3,153
Amortization of deferred debt issuance costs	51	—	51
Stock-based compensation	2,057	—	2,057
Deferred income tax benefit	229	547	776
Loss on disposal of property, plant and equipment	21	—	21
Change in:			
Accounts receivable, net	(5,193)	—	(5,193)
Inventory, net	1,960	—	1,960
Prepaid expenses and other	(545)	—	(545)
Accounts payable	3,105	—	3,105
Customer advances	3,434	—	3,434
Accrued expenses and other liabilities	409	(65)	344
Net cash flows provided by continuing operations	14,745	—	14,745
Net cash flows provided by discontinued operations	680	—	680
Net cash provided by operating activities	15,425	—	15,425
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(9,301)	—	(9,301)
Change in other non-current assets	192	—	192
Net cash flows used in continuing operations	(9,109)	—	(9,109)
Net cash flows used in discontinued operations	(425)	—	(425)
Net cash used in investing activities	(9,534)	—	(9,534)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(9,811)	—	(9,811)
Payment on loans with former owners of LRI	(32)	—	(32)
Payment on capital lease obligations	(25)	—	(25)
Payment of dividends	(1,088)	—	(1,088)
Net proceeds from issuance of common stock to employees and directors	163	—	163
Excess tax benefit from stock-based compensation	(836)	—	(836)
Net cash used in financing activities	(11,629)	—	(11,629)
EFFECTS OF EXCHANGE RATES ON CASH	(112)	—	(112)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,850)	—	(5,850)
CASH AND CASH EQUIVALENTS, beginning of the period	8,218	—	8,218
CASH AND CASH EQUIVALENTS, end of the period	\$ 2,368	\$ —	\$ 2,368

Nine months ended September 30, 2013

	As Reported	Adjustments	Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 7,308	\$ (860)	\$ 6,448
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (income) from discontinued operations, net of tax	(473)	—	(473)
Depreciation (including capital lease amortization)	4,004	—	4,004
Amortization of purchased intangible assets	4,734	—	4,734
Amortization of deferred debt issuance costs	76	—	76
Stock-based compensation	2,685	—	2,685
Deferred income tax benefit	(126)	1,018	892
Loss on disposal of property, plant and equipment	5	—	5
Change in:			
Accounts receivable, net	4,868	—	4,868
Inventory, net	6,588	—	6,588
Prepaid expenses and other	1,031	—	1,031
Accounts payable	(2,208)	—	(2,208)
Customer advances	21	—	21
Accrued expenses and other liabilities	1,303	(158)	1,145
Net cash flows provided by continuing operations	29,816	—	29,816
Net cash flows provided by discontinued operations	655	—	655
Net cash provided by operating activities	30,471	—	30,471
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(13,426)	—	(13,426)
Change in other non-current assets	209	—	209
Net cash flows used in continuing operations	(13,217)	—	(13,217)
Net cash flows used in discontinued operations	(604)	—	(604)
Net cash used in investing activities	(13,821)	—	(13,821)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (repayments) on bank lines of credit, net	(13,252)	—	(13,252)
Payment on loans with former owners of LRI	(47)	—	(47)
Payment on capital lease obligations	(39)	—	(39)
Payment of dividends	(1,637)	—	(1,637)
Net proceeds from issuance of common stock to employees and directors	163	—	163
Excess tax benefit from stock-based compensation	(895)	—	(895)
Net cash used in financing activities	(15,707)	—	(15,707)
EFFECTS OF EXCHANGE RATES ON CASH	172	—	172
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,115	—	1,115
CASH AND CASH EQUIVALENTS, beginning of the period	8,218	—	8,218
CASH AND CASH EQUIVALENTS, end of the period	\$ 9,333	\$ —	\$ 9,333

14. SUBSEQUENT EVENTS

Amended Credit Facility

On February 23, 2015, we entered into a five-year \$150,000 syndicated credit agreement ("credit facility") which amended and replaced in its entirety our prior syndicated credit facility entered into on December 11, 2011. The new credit facility allows for revolving loans of \$90,000 in US dollars, \$10,000 in alternate currencies and a \$50,000 US dollar term loan facility. The term loan facility is available in a single advance and expires 364 days after the February 23, 2015 closing date. If drawn, the term loan is amortizable in quarterly installments as follows: 10% of principal is due in each of years one and two, 20% of principal is due in each of years three and four and 30% of principal is due in year five with the remaining balance due at maturity. The new facility has a \$100,000 accordion feature to increase the commitments in any of the three previous loan classes subject to approval by applicable lenders. We entered into the credit facility with 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 and other alternate currency loans. 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 and its subsidiaries.

Borrowings under the \$90,000 revolving loan and \$50,000 term 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 an applicable margin (varying from 0.25% to 1.25%) and LIBOR loans bear interest at the applicable LIBOR rate plus an applicable margin (varying from 1.25% to 2.25%).

Borrowings under the \$10,000 Alternate Currency revolving loans can be in Canadian Dollars, Euros, Pounds Sterling and any other currency that is freely transferable and convertible to U.S. Dollars. Alternative currency borrowings denominated in Canadian Dollars shall be comprised of Canadian Dealer Offered Rate ("CDOR") Loans or Canadian Prime Loans, at our option, and bear interest at the CDOR rate plus applicable margin (varying from 1.25% to 2.25%) or the applicable Canadian Prime Rate plus an applicable margin (varying from 0.25% to 1.25%), respectively. Alternative currency borrowings denominated in Euros shall be comprised of Euro Interbank Offered Rate ("EURIBOR") loans and bear interest at the EURIBOR rate plus an applicable margin (varying from 1.25% to 2.25%). Alternative currency borrowings denominated in any other alternate currency shall be comprised of Eurocurrency loans and bear interest at the LIBOR rate plus an applicable margin (varying from 1.25% to 2.25%).

The credit facility includes 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 ratios.

DynaEnergetics Restructuring

In the first quarter of 2015, we launched several initiatives to enhance DynaEnergetics' operational efficiencies and align its production and distribution resources with the anticipated demands of the market. In January 2015, we closed two North American distribution centers. On February 24, 2014, we announced the closure of a perforating gun manufacturing facility and distribution center in Edmonton, Alberta. North America perforating gun manufacturing will be consolidated at DynaEnergetics existing gun facility in Whitney, Texas. We also are exiting several other distribution centers in Texas and Colombia. The Colombia market will continue to be served but from our existing facilities in Texas. Two new centralized distribution centers will replace the smaller and less efficient distribution centers being closed. In the first half of 2015, we expect to incur restructuring and impairment charges of approximately \$1,500 to \$2,500 related to these actions.

Corporate Restructuring

In the first quarter of 2015, we restructured our corporate office by eliminating several positions and two non-employee director positions. We expect to incur restructuring charges of approximately \$1,500 to \$2,000 in the first quarter of 2015 associated with severance and acceleration of unvested stock awards.

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, 2013.

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 that evaluation and as a result of the material weakness in internal control over financial reporting as set forth below, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2014. Our management's annual report on internal control over financial reporting is set forth below.

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, 2014 based on the 2013 framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2014, our internal controls over financial reporting were not effective due to a material weakness in our controls over deferred income tax accounting for certain foreign entities. More specifically, the calculation of deferred tax positions for certain foreign entities was based on inappropriate methods and supporting data. The controls over reconciliation and review of income tax accounting did not identify the inappropriate methods and supporting data used in the computations. The matter was discovered during the course of the 2014 external audit of the accounts and related controls. As a result of the significance of the accounting errors resulting from the deficient controls, the financial statements for 2013 and 2012 have been restated.

DMC's internal control over financial reporting as of December 31, 2014, has also been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which expressed an adverse opinion and is included elsewhere herein.

Remediation Efforts to Address Material Weakness

We are currently evaluating the controls and procedures we will design and put in place to remediate this material weakness. These controls and procedures may include the following:

- Revise, as necessary, the process and internal controls to compile and review deferred tax account balances and their impact on the income tax provision.
- Add internal and external resources focused on the preparation and review of the tax accounts.
- Provide income tax accounting training.

We are in the process of remediating this material weakness by executing upon the above actions. The actions that we are taking are subject to ongoing senior management review, as well as Audit Committee oversight. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take and our initiatives may not prove to be successful in remediating this material weakness. Management believes the foregoing efforts will effectively remediate the material weakness. As we continue to evaluate and work to improve our internal control over financial reporting, management may execute additional measures to address potential control deficiencies or modify the remediation plan described above. Management will continue to review and make necessary changes to the overall design of our internal controls.

Changes in Internal Control Over Financial Reporting

Except as described above, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) during our fourth quarter of 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

/s/ Kevin Longe

Kevin Longe

President and Chief Executive Officer

March 13, 2015

/s/ Michael Kuta

Michael Kuta

Chief Financial Officer

March 13, 2015

Report of Independent Registered Public Accounting Firm

The Stockholders and the
Board of Directors of Dynamic Materials Corporation

We have audited Dynamic Materials Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Dynamic Materials Corporation's 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.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified and reported a material weakness in controls related to the Company's accounting for income tax expense and related deferred tax assets and liabilities for certain foreign entities. As a result of the material weakness and resulting accounting errors, the financial statements for 2013 and 2012 have been restated.

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 as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2014 financial statements, and this report does not affect our report dated March 16, 2015, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Dynamic Materials Corporation has not maintained effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

/s/ Ernst & Young LLP

Denver, Colorado
March 16, 2015

ITEM 9B. Other Information

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Item 10 incorporates information by reference to our Proxy Statement for the 2015 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 2014.

ITEM 11. Executive Compensation

Item 11 incorporates information by reference to our Proxy Statement for the 2015 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 2014.

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 2015 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 2014.

For information regarding securities authorized for issuance under our equity compensation plans see the Proxy Statement for our 2014 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 2015 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 2014.

ITEM 14. Principal Accounting Fees and Services

Item 14 incorporates information by reference to our Proxy Statement for the 2015 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 2014.

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 Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on July 29, 2014).
3.2	Bylaws of the Company (incorporated by reference to Exhibit 4.2 to the Company's Quarterly report on Form 10-Q/A filed with the Commission on May 14, 2004).
10.1	Second Amended and Restated Credit Agreement dated as of February 23, 2015, by and among the Company, the borrowers party thereto, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, J.P. Morgan Europe Limited, as London agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent, KeyBank National Association, as syndication agent, and Wells Fargo Bank, National Association, as documentation agent.
10.2	Employment Agreement, dated as of March 1, 2013, by and between the Company and Kevin Longe (incorporated by reference to Exhibit 10.2 to the Company's Form 10-K filed with the Commission on March 14, 2013). *
10.3	Employment Offer Letter dated February 23, 2014, from the Company to Michael L. Kuta (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on March 31, 2014).*
10.4	Agreement, dated as of January 18, 2013, by and between the Company and Richard A. Santa (incorporated by reference to Exhibit 10.3 to the Company's Form 10-K filed with the Commission on March 14, 2013). *
10.5	Dynamic Materials Corporation 2006 Stock Incentive Plan, as amended by Amendment No. 1 to Dynamic Materials Corporation 2006 Stock Incentive Plan dated March 11, 2013 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the Commission on March 7, 2014).*
10.6	Dynamic Materials Corporation Performance-Based Plan (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed with the Commission on May 24, 2013). *
10.7	Dynamic Materials Corporation Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on November 24, 2014).*
10.8	Form of Executive Officer Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.1 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 Exhibit 10.2 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 Exhibit 10.4 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 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 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, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statement of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.**

* 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.

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 16, 2015

By: /s/ Michael Kuta

Michael Kuta
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.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Kevin Longe</u> Kevin Longe	President and Chief Executive Officer (Principal Executive Officer)	March 16, 2015
<u>/s/ Michael Kuta</u> Michael Kuta	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2015
<u>/s/ Gerard Munera</u> Gerard Munera	Chairman and Director	March 16, 2015
<u>/s/ David Aldous</u> David Aldous	Director	March 16, 2015
<u>Yvon Pierre Cariou</u>	Director	March 16, 2015
<u>/s/ Robert A. Cohen</u> Robert A. Cohen	Director	March 16, 2015
<u>/s/ James J. Ferris</u> James J. Ferris	Director	March 16, 2015
<u>/s/ Richard P. Graff</u> Richard P. Graff	Director	March 16, 2015
<u>/s/ Bernard Hueber</u> Bernard Hueber	Director	March 16, 2015
<u>Rolf Rospek</u>	Director	March 16, 2015

DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES
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AS OF DECEMBER 31, 2014

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DYNAMIC MATERIALS CORPORATION AND SUBSIDIARIES
SCHEDULE II(a) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
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, 2012	\$ 424	\$ 63	\$ (10)	\$ (71)	\$ 406
December 31, 2013	\$ 406	\$ 221	\$ (13)	\$ (195)	\$ 419
December 31, 2014	\$ 419	\$ 140	\$ —	\$ (17)	\$ 542

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, 2012	\$ 540	\$ 172	\$ (101)	\$ (190)	\$ 421
December 31, 2013	\$ 421	\$ —	\$ (117)	\$ (116)	\$ 188
December 31, 2014	\$ 188	\$ 162	\$ (216)	\$ (4)	\$ 130

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	Other Adjustments	Balance at end of period
Year ended -					
December 31, 2012	\$ 157	\$ 856	\$ (676)	—	\$ 337
December 31, 2013	\$ 337	\$ 2,714	\$ (1,322)	—	\$ 1,729
December 31, 2014	\$ 1,729	\$ 1,606	\$ (77)	(141)	\$ 3,117

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

February 23, 2015

among

DYNAMIC MATERIALS CORPORATION,

The Borrowers Party Hereto,

The Guarantors Party Hereto,

The Lenders Party Hereto,

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

J.P. MORGAN EUROPE LIMITED,
as London Agent,

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

KEYBANK NATIONAL ASSOCIATION,
as Syndication Agent

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Documentation Agent

* * *

J.P. MORGAN SECURITIES LLC,
as Sole Lead Arranger and Sole Bookrunner

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EXHIBITS:

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Exhibit 1.1B(i)	Form of Joinder Agreement (Domestic)
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Exhibit 2.03	Form of Borrowing Request
Exhibit 2.07	Form of Interest Election Request
Exhibit 5.01(c)	Form of Compliance Certificate
Exhibit 5.14	Form of Deposit Account Control Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of February 23, 2015 (this "Agreement"), among Dynamic Materials Corporation, a Delaware corporation (the "Parent"), the Borrowers party hereto, the Guarantors party hereto, the Lenders party hereto, JPMorgan Chase Bank, N.A., as Administrative Agent, J.P. Morgan Europe Limited, as London Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian 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 Amended and Restated Credit Agreement dated December 21, 2011 (the "Prior Agreement") among the Parent, the borrowers party thereto, the guarantors party thereto, certain of the Lenders, JPMorgan Chase Bank, N.A., as US administrative agent and the other agents party thereto;

WHEREAS, the Parent, the 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 parties hereto 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 Loan or Borrowing denominated in Dollars, 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 (a) with respect to any Eurocurrency Borrowing denominated in Dollars for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (i) the LIBO Rate for such Interest Period multiplied by (ii) the Statutory Reserve Rate and (b) with respect to any Eurocurrency Borrowing denominated in an Alternative Currency (other than Euros or Canadian Dollars) for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the LIBO Rate for such Interest Period.

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

"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 Administrative Agent, the London Agent and the Canadian 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%; provided that, for purposes of this definition, the Adjusted LIBO Rate for any Business Day shall be based on the rate appearing on the Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or of any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars in the London interbank market) at approximately 11:00 a.m. London time on such Business Day. 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.

“Alternative Currency” means (a) Canadian Dollars, (b) Euros, (c) Pounds Sterling and (d) any other currency that is freely transferable and convertible into Dollars in the London market and for which LIBO Rates can be determined by reference to the Screen Rate as provided in the definition of “LIBO Rate”, and is acceptable to all of the Alternative Currency Lenders.

“Alternative Currency 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 Alternative Currency Commitments.

“Alternative Currency Borrowers” means the Parent, Dynamic Materials Lux 2, DynaEnergetics Beteiligungs, DynaEnergetics GmbH & Co., DynaEnergetics Holding GmbH and NobelClad KG; provided that, when used in connection with a Loan or Letter of Credit denominated in Canadian Dollars, the term “Alternative Currency Borrower” shall mean the Parent only.

“Alternative Currency Commitment” means, with respect to each Alternative Currency Lender, the commitment of such Lender to make Alternative Currency Loans hereunder and to acquire participations in Alternative Currency Letters of Credit and Euro Swingline Loans, expressed as an amount representing the maximum aggregate amount of such Lender’s Alternative Currency 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 Alternative Currency Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender

shall have assumed its Alternative Currency Commitment, as applicable. The initial aggregate amount of the Alternative Currency Commitments is \$10,000,000.

“Alternative Currency Credit Exposure” means, with respect to any Lender at any time, the sum of the Dollar Equivalent of such Lender’s Alternative Currency Loans and its Alternative Currency LC Exposure and Euro Swingline Exposure at such time.

“Alternative Currency LC Disbursement” means a payment made by the London Issuing Lender or Canadian Issuing Lender pursuant to an Alternative Currency Letter of Credit.

“Alternative Currency LC Exposure” means, at any time, the Dollar Equivalent of the sum of (a) the aggregate amount of all outstanding Alternative Currency Letters of Credit at such time plus (b) the aggregate amount of Alternative Currency LC Disbursements that have not yet been reimbursed by or on behalf of the Alternative Currency Borrowers. The Alternative Currency LC Exposure of any Lender at any time shall be its Applicable Percentage of the total Alternative Currency LC Exposure at such time.

“Alternative Currency Lender” means a Lender with an Alternative Currency Commitment or, if the Alternative Currency Commitments have terminated or expired, a Lender with Alternative Currency Credit Exposure.

“Alternative Currency Letter of Credit” means any Letter of Credit denominated in an Alternative Currency.

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the Parent or any of its Affiliates from time to time concerning or relating to bribery or corruption.

“Applicable Agent” means (a) with respect to a Loan, Borrowing or Letter of Credit denominated in Dollars and with respect to any payment hereunder that does not relate to a particular Loan or Borrowing, the Administrative Agent, (b) with respect to a Loan, Borrowing or Letter of Credit denominated in an Alternative Currency (other than Canadian Dollars), the London Agent and (c) with respect to a Loan, Borrowing or Letter of Credit denominated in Canadian Dollars, the Canadian Agent.

“Applicable Issuing Lender” means (a) with respect to a Letter of Credit denominated in Dollars, the US Issuing Lender, (b) with respect to a Letter of Credit denominated in any Alternative Currency (other than Canadian Dollars), the London Issuing Lender and (c) with respect to a Letter of Credit denominated in Canadian Dollars, 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 Eurocurrency, EURIBOR and CDOR Loans	Applicable Margin for ABR and Canadian Prime Loans
I	$1.00 > X$	1.25%	0.25%
II	$1.50 > X \geq 1.00$	1.50%	0.50%
III	$2.00 > X \geq 1.50$	1.75%	0.75%
IV	$2.50 > X \geq 2.00$	2.00%	1.00%
V	$X \geq 2.50$	2.25%	1.25%

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 financial statements and Compliance Certificate are required to be delivered for the fiscal year ending December 31, 2014. 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, 2014, the Applicable Margin shall be determined at Level II. 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 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 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 Administrative Agent in accordance with Section 2.17. 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 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 V 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, and (b) with respect to any Alternative Currency Lender, the percentage of the total Alternative Currency Commitments represented by such Lender’s Alternative Currency 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.

"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 Administrative Agent, in the form of Exhibit 1.1A or any other form approved by Administrative Agent and the Parent.

"Bank Products" means each and any of the following bank services provided to any Obligor pursuant to any agreements with 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 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, so long as 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 Alternative Currency Borrowers and the Parent.

"Borrowing" means (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, EURIBOR 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 with Section 2.03 and substantially in the form attached hereto as Exhibit 2.03 or such other form reasonably acceptable to the Applicable Agent.

"Business Acquisition" means (a) an Investment by any Borrower or any of its respective Subsidiaries in any 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 are authorized or required by Law to remain closed; provided that, (a) when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market or the principal financial center of the country in which payment of purchase of such currency can be made, (b) when used in connection with a EURIBOR Loan or a Euro Swingline Loan, the term "Business Day" shall also exclude any day that is not a TARGET Day and (c) when used in connection with a Canadian Prime Loan or a CDOR Loan, the term "Business Day" shall also exclude any day on which commercial banks in Toronto, Ontario are authorized or required by Law to remain closed.

"Canadian Agent" means JPMorgan Chase Bank, N.A., Toronto Branch, or any successor in such capacity.

"Canadian Dealer Offered Rate" means, with respect to any Borrowing denominated in Canadian Dollars for any Interest Period, (a) the applicable Screen Rate at or about 10:00 a.m. Toronto time on the Quotation Day or (b) if no Screen Rate is available for such Interest Period, the applicable Interpolated Rate as of such time on the Quotation Day or, if applicable pursuant to the terms of Section 2.13(a), the applicable Reference Bank Rate as of such time on the Quotation Day, plus, in each case, 0.10% per annum.

"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 Letters of Credit denominated in Canadian Dollars 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 such 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 such Letters of Credit issued by such Affiliate.

"Canadian Prime", when used in reference to any Loan or Borrowing denominated in Canadian Dollars, 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 Agent (rounded up to two decimal places) to be the greater of (a) the rate of interest that the Canadian 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 Canadian Dealer Offered Rate 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 Loan or Borrowing denominated in Canadian Dollars, 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, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, 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 in each case pursuant to Basel III 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, Alternative Currency Loans, Term 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, an Alternative Currency Commitment or a Term Loan Commitment, and when used in reference to any Lender, refers to whether such Lender has a US Commitment, an Alternative Currency Commitment or a Term Loan 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, Alternative Currency Commitment or Term Loan 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):

<u>Level</u>	<u>Leverage Ratio</u>	<u>Commitment Fee Rate</u>
I	$1.00 > X$	0.25%
II	$1.50 > X \geq 1.00$	0.30%
III	$2.00 > X \geq 1.50$	0.35%
IV	$2.50 > X \geq 2.00$	0.40%
V	$X \geq 2.50$	0.45%

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 financial statements and Compliance Certificate are required to be delivered for the fiscal year ending December 31, 2014. 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, 2014, the Commitment Fee Rate shall be determined at Level II. 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 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 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 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 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 V and shall remain at such level under the date such financial statements and corresponding Compliance Certificate are so delivered by the Parent.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“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 excluding inventory reserves; 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 the 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 Party” means any Agent, Issuing Lender, Swingline Lender or any other Lender.

“Currency Determination Date” means any of the following dates that the Administrative Agent determines the Dollar Equivalent of any Alternative Currency Loan or Alternative Currency Letter of Credit and provides notice of such determination to the Parent:

- (a) with respect to an Alternative Currency Borrowing, the date on or about the date of (i) delivery of Borrowing Request or Interest Election Request with respect to such Borrowing or (ii) each request for the making of a Euro Swingline Loan;

(b) with respect to an Alternative Currency Letter of Credit, each of the following: (i) each date of issuance of an Alternative Currency Letter of Credit, (ii) each date of amendment, renewal or extension of an Alternative Currency Letter of Credit and (iii) each date of any payment by an Issuing Lender under any Alternative Currency Letter of Credit;

(c) the last Business Day of every calendar month; and

(d) any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required US and Alternative Currency Lenders.

"Debt Service Coverage Ratio" means, for any trailing four quarter period, the ratio of (a) Consolidated EBITDA of the Parent for such period minus the sum of (i) regularly scheduled cash dividends paid by the Parent in the ordinary course of business during such period, (ii) the lesser of (A) \$8,000,000 or (B) 100% of depreciation expense for such period for the Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP and (iii) cash income Taxes paid or payable for such period by the Parent and its Subsidiaries to (b) the sum of (i) cash Interest Expense of the Parent for such period and (ii) scheduled principal payments of Consolidated Funded Indebtedness actually made during such period.

"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 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

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.

“Dollar Equivalent” means, on any date of determination, with respect to any amount in any Alternative Currency, the equivalent in Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.05 using the Exchange Rate with respect to such Alternative Currency at such time in effect under the provisions of such Section.

“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 US Person.

“DynaEnergetics Beteiligungs” means DynaEnergetics Beteiligungs GmbH, a limited liability company existing under the laws of the Federal Republic of Germany.

“DynaEnergetics Canada” means DynaEnergetics Canada Inc., a corporation existing under the laws of Alberta, Canada.

“DynaEnergetics GmbH & Co.” means DynaEnergetics GmbH & Co., KG, a limited liability partnership existing under the laws of the Federal Republic of Germany.

“DynaEnergetics Holding GmbH” means DynaEnergetics Holding GmbH, a limited liability company existing under the laws of the Federal Republic of Germany.

“Dynamic Materials Lux 2” means Dynamic Materials Luxembourg 2 S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of the Grand-Duchy of Luxembourg, with registered office on the Effective Date at 1 Boulevard de la Foire, L-1528 Luxembourg, registered with the Luxembourg company registry under number B 134.213.

“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.

“EURIBO Rate” means, with respect to any Borrowing denominated in Euros for any Interest Period, (a) the applicable Screen Rate as of 11:00 a.m. Brussels, Belgium time on the Quotation Day or (b) if no Screen Rate is available for such Interest Period, the applicable Interpolated Rate as of such time on the Quotation Day or, if applicable pursuant to the terms of Section 2.13(a), the applicable Reference Bank Rate as of such time on the Quotation Day.

“EURIBOR”, when used in reference to any Loan or Borrowing denominated in Euros, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the EURIBO Rate.

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

“Euro Swingline Exposure” means, at any time, the Dollar Equivalent of 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 (i) in respect of Euro Swingline Loans to Dynamic Materials Lux 2, J.P. Morgan Europe Limited and (ii) in respect of Euro Swingline Loans to any other Alternative Currency Borrower (other than the Parent), JPMorgan Chase Bank, N.A., London Branch, in each case, in its capacity as lender of Euro Swingline Loans hereunder.

“Euro Swingline Loan” means a Loan made in Euros pursuant to Section 2.04.

“Euro Swingline Rate” means, with respect to any Euro Swingline Loan, the percentage rate per annum which is the sum of the LIBO Rate for an interest period of one day, plus the Applicable Margin.

“Eurocurrency”, when used in reference to any Loan or Borrowing denominated in Dollars or an Alternative Currency, 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.

“Exchange Rate” means, on any day, for purposes of determining the Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into Dollars at the time determined on such day on the Reuters WRLD Page for such currency. In the event that such rate does not appear on any Reuters WRLD Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about such time as the Administrative Agent shall elect after determining that such rates shall be the basis for determining the Exchange Rate, on such date for the purchase of Dollars for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“Excluded Swap Obligations” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap,

such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

“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) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the law of, or having its principal office or in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection 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) or Section 10.04(c)(iii) and (d) any U.S. federal withholding Taxes imposed under FATCA.

“FATCA” means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“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 Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Letter” means the letter agreement, dated January 19, 2015, among the Parent, the Administrative Agent and the sole bookrunner and lead arranger.

“Financial Officer” means the chief financial officer; principal accounting officer; treasurer; controller; director, treasury and tax; director, financial reporting; or director, financial controls of the Parent.

“Fitch” means Fitch Ratings, Ltd.

“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 Alternative Currency Borrowers that are Foreign Subsidiaries, which Subsidiaries guarantee the Obligations of the Alternative Currency Borrowers (other than the Parent).

“Foreign Lender” means (a) if the applicable Borrower is a US Person, a Lender that is not a US Person, and (b) if the applicable Borrower is not a US Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

“Foreign Subsidiary” means a Subsidiary of the Parent that is not a US Person.

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

“Governmental Approval” means (a) any authorization, consent, approval, license, waiver, or exemption, by or with; (b) any notice to; (c) any declaration of or with; or (d) 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 (including any supra-national bodies such as the European Union or the European Central Bank).

“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.

“Increasing Lender” has the meaning set forth in Section 2.19(a).

“Increasing Lender Agreement” means an Increasing Lender Agreement entered into by an Increasing Lender and the Parent in accordance with Section 2.19(a) and accepted by the Administrative Agent in the form of Exhibit 1.1C or any other form approved by the Administrative Agent.

“Incremental Term Loan” has the meaning set forth in Section 2.19(b).

“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 (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Obligor under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

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

“Initial Term Loans” means the loans made pursuant to Section 2.01(c).

“Initial Term Loan Borrowing Date” means the date on which the Initial Term Loans are made.

“Initial Term Loan Termination Date” means the date that is 364 days after the Effective Date.

“Interest Election Request” means a request by the relevant Borrower to convert or continue a Borrowing 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 Loan, the last day of each March, June, September and December and the Termination Date; (b) with respect to any Eurocurrency Loan (other than a Euro Swingline Loan), EURIBOR 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 Eurocurrency, EURIBOR 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 Eurocurrency Borrowing, EURIBOR 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 (a) 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 (b) 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.

“Interpolated Rate” means, at any time for any currency and for any Interest Period, the rate per annum determined by the Applicable Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest period (for which a Screen Rate is available for such currency) that is shorter than such Interest Period and (b) the applicable Screen Rate for the shortest period (for which a Screen Rate is available for such currency) that exceeds such Interest Period, in each case, at such time; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“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).

“IRS” means the United States Internal Revenue Service.

“Issuing Lenders” means the US Issuing Lender, the London 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 an 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 Borrowers. 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 standby 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 Eurocurrency Borrowing denominated in any currency for any Interest Period, (a) the applicable Screen Rate as of 11:00 a.m. London time on the Quotation Date or (b) if no Screen Rate is available for such currency or for such Interest Period, the applicable Interpolated Rate as of such time on the Quotation Day or, if applicable pursuant to the terms of Section 2.13(a), the applicable Reference Bank Rate as of such time on the Quotation Day.

“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 (other than the issuer) 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 counterparty that is a Lender or an Affiliate thereof at the time such Swap Agreement is entered into.

“Loans” means the loans made by the Lenders to the Borrowers pursuant to this Agreement, including the Swingline Loans.

“Local Time” means (a) with respect to a Loan or Borrowing denominated in Dollars, New York City time, (b) with respect to a Loan denominated in any Alternative Currency (other than Canadian Dollars), London time and (c) with respect to a Loan or Borrowing denominated in Canadian Dollars, Toronto time.

“London Agent” means J.P. Morgan Europe Limited, or any successor in such capacity.

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

“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 would 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 \$5,000,000. 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 12, 2007, effective as of November 16, 2007, executed by the Parent in favor of the Administrative Agent in respect of certain property located in Fayette County, Pennsylvania, as more particularly described therein and (b) 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 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 such Person for such period determined on a consolidated basis in accordance with GAAP.

“New Lender” has the meaning set forth in Section 2.19(a).

“New Lender Agreement” means a New Lender Agreement entered into by a New Lender and the Parent in accordance with Section 2.19(a) and accepted by the Administrative Agent in the form of Exhibit 1.1D or any other form approved by the Administrative Agent.

“NobelClad KG” means NobelClad Europe GmbH & Co., KG, a limited liability partnership existing under the laws of the Federal Republic of Germany.

“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; provided that the Obligations shall specifically exclude Excluded Swap Obligations.

“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, court, documentary, tangible, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise

with respect to, any Loan Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18(b)).

“Parent” has the meaning given in the preamble.

“Participant” has the meaning set forth in Section 10.04.

“Participant Register” 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.

“Patriot Act” has the meaning set forth in Section 10.14.

“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 45 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 other than Indebtedness described in clause (e) of the definition of such term.

“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)(i) or (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) 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.

“Pounds Sterling” means the lawful currency of the United Kingdom.

“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 principal office located in 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.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Borrower and Guarantor that has total assets exceeding \$10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other Person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Quotation Day” means (a) with respect to any currency (other than Canadian Dollars and Pounds Sterling), for any Interest Period, two Business Days prior to the first day of such Interest Period and (b) with respect to Canadian Dollars and Pounds Sterling, the first day of such Interest Period, in each case, unless market practice differs in the Relevant Interbank Market for any currency, in which case the Quotation Day for such currency shall be determined by the Applicable Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day shall be the last of those days).

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

“Reference Bank Rate” means the arithmetic mean of the rates supplied to the Applicable Agent at its request by the Reference Banks (as the case may be) for Loans in the applicable currency and the applicable Interest Period (a) in relation to Eurocurrency Loans, as the rate quoted by the relevant Reference Bank to leading banks in the London interbank market for the offering of deposits in the applicable currency and for a period comparable to the applicable Interest Period, (b) in relation to EURIBOR Loans, as the rate quoted by the relevant Reference Bank to leading banks in the Banking Federation of the European Union for the offering of deposits in Euros and for a period comparable to the applicable Interest Period and (c) in relation to CDOR Loans, as the rate at which the relevant Reference Bank is willing to extend credit by the purchase of bankers

acceptances in Canadian Dollars which have been accepted by banks which are for the time being customarily regarded as being of appropriate credit standing for such purpose with a term to maturity comparable to the applicable Interest Period.

“Reference Banks” means the principal London (or other applicable) offices of JPMorgan Chase Bank, N.A. and such other banks as may be appointed by the Applicable Agent in consultation with the Parent (with the consent of such bank).

“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.

“Relevant Interbank Market” means (a) with respect to any currency (other than Euros), the London interbank market and (b) with respect to Euros, the European interbank market.

“Required Lenders” means, at any time, Lenders having more than 50% of the sum of (a) the US Credit Exposures, unused US Commitments, Alternative Currency Credit Exposures and unused Alternative Currency Commitments at such time and (b) the aggregate principal amount of the Term Loans then outstanding (or if the Term Loans shall not yet have been funded, the aggregate Term Loan Commitments at such time).

“Required US and Alternative Currency Lenders” means, at any time, Lenders having more than 50% of the US Credit Exposures, unused US Commitments, Alternative Currency Credit Exposures and unused Alternative Currency 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.

“Sanctioned Country” means, at any time, a country or territory which is itself the subject or target of any Sanctions (as of the Effective Date, Cuba, Iran, North Korea, Sudan and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department

of the Treasury, the U.S. Department of State, the U.S. Department of Commerce, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned County or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or the U.S. Department of Commerce, or (b) the United Nations Security Council, the European Union or any European Union member state.

“Screen Rate” means (a) in respect of the LIBO Rate for any currency and for any Interest Period, (i) in the case of Dollars, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over administration of such rate) appearing on Reuters Screen LIBOR01 Page for such Interest Period and (ii) in the case of any Alternative Currency, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over administration of such rate) appearing on Reuters Screen LIBOR02 Page for such currency for such Interest Period (or, in each case under this clause (a), on any successor or substitute page on such screen or service that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Applicable Agent from time to time), (b) in respect of the EURIBO Rate for any Interest Period, the percentage per annum determined by the Banking Federation of the European Union for such Interest Period as displayed on the applicable page of the Reuters screen (or on any successor or substitute page on such screen or service that displays such rate, or on the applicable page of such other information service that publishes such rate as shall be selected by the Applicable Agent from time to time) and (c) in respect of the Canadian Dealer Offered Rate for any Interest Period, the average rate for bankers acceptances with a tenor equal in length to such Interest Period as displayed on the CDOR page of the Reuters screen (or any successor or substitute page on such screen or service that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Applicable Agent from time to time); provided that if any Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Security Agreements” means 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.

“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. Eurocurrency 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.

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swingline Lender” means the US Swingline Lender or the Euro Swingline Lender, as the context may require.

“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, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additional to tax or penalties applicable thereto.

“Term Loans” means the Initial Term Loans and, if applicable, the Incremental Term Loans and “Term Loan” shall refer to any of such Term Loans.

“Term Loan Commitment” means, with respect to each Term Loan Lender, the commitment of such Lender to make a Term Loan to the Parent in a principal amount not to exceed the amount set forth with respect to such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term Loan Commitment, as applicable, as such commitment may be reduced pursuant to Section 2.08(a), increased from time to time pursuant to Section 2.19 or increased pursuant to assignments by or to such Lender pursuant to Section 2.18 or Section 10.04. The initial aggregate amount of the Term Loan Commitments on the Effective Date is \$50,000,000.

“Term Loan Lender” means, at any time, a Lender that has a Term Loan Commitment or an outstanding Term Loan at such time.

“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 EURIBO Rate, the Canadian Dealer Offered Rate 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.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 2.16(e)(ii)(B)(iii).

“US 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 US Commitments.

“US Borrowers” means the Parent and the Wholly-Owned Subsidiaries of the Parent that are Domestic Subsidiaries as of the Effective Date and any other Wholly-Owned Subsidiary of the Parent that is a Domestic Subsidiary and becomes a US Borrower after the Effective Date in accordance with Section 5.09(a).

“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 \$90,000,000.

“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 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 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 “US 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 outstanding 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. 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 US Commitments have terminated or expired, a Lender with US Credit Exposure.

“US Letter of Credit” means any Letter of Credit denominated in Dollars.

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

“US Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“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.

“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.

“Withholding Agent” means any Obligor and any Agent.

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 “Eurocurrency Loan”) or by Class and Type (e.g., a “US Eurocurrency Loan”). Borrowings also may be classified and referred to by Class (e.g., a “US Borrowing”) or by Type (e.g., a “Eurocurrency Borrowing”) or by Class and Type (e.g., a “US Eurocurrency 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 proposed 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 Exchange Rates. The Administrative Agent shall determine the Exchange Rates as of each Currency Determination Date to be used for calculating the Dollar Equivalent of Alternative Currency Loans and Alternative Currency LC Exposure. Such Exchange Rates shall become effective as of such Currency Determination Date and shall be the Exchange Rates employed in converting any amounts between the applicable currencies until the next Currency Determination Date.

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

(c) Each Term Loan Lender agrees to make a loan in Dollars to the Parent on any one Business Day during the period from and including the Effective Date through and including the Initial Term Loan Termination Date in a principal amount not to exceed such Lender's Term Loan Commitment as of such Business Day. Once repaid or prepaid, Term Loans may not be reborrowed.

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 2.13, (i) each US Borrowing (other than a US Swingline Loan) and each Term Loan Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the applicable Borrower may request in accordance herewith, (ii) each Alternative Currency Borrowing denominated in Euros (other than a Euro Swingline Loan) shall be comprised entirely of EURIBOR Loans, (iii) each Alternative Currency Borrowing denominated in Canadian Dollars shall be comprised entirely of CDOR Loans or Canadian Prime Loans as the applicable Borrower may request in accordance herewith and (iv) each Alternative Currency Borrowing denominated in any other Alternative Currency shall be comprised entirely of Eurocurrency Loans. Each Lender at its option may make any 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 applicable Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing denominated in Dollars, 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 denominated in an Alternative Currency (other than Euros or Canadian Dollars), such Borrowing shall be in an aggregate amount that is an integral multiple of 100,000 units of such Alternative Currency and not less than 500,000 units of such Alternative Currency; provided that such a Eurocurrency Borrowing may be in an aggregate amount that is equal to (i) the equivalent of the entire unused balance of the total Alternative Currency Commitments or (ii) that which is required to finance the reimbursement of an LC Disbursement denominated in such Alternative Currency as contemplated by Section 2.05(e). At the commencement of each Interest Period for any EURIBOR Borrowing, such Borrowing shall be in an aggregate amount

that is an integral multiple of €100,000 and not less than €500,000; provided that a EURIBOR Borrowing may be in an aggregate amount that is equal to (i) the equivalent of the entire unused balance of the total Alternative Currency Commitments, (ii) that which is required to repay a Euro Swingline Loan or (iii) that which is required to finance the reimbursement of an LC Disbursement denominated in Euros as contemplated by Section 2.05(e). 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 a US 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 equivalent of the entire unused balance of the Alternative Currency Commitments or (ii) that which is required to finance the reimbursement of a LC Disbursement denominated in Canadian Dollars 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) ten (10) Eurocurrency Borrowings outstanding, (ii) five (5) EURIBOR 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.

(a) To request a US Borrowing or an Alternative Currency Borrowing (other than a Swingline Loan), the applicable Borrower shall notify the Applicable Agent (and the Administrative Agent if it shall not be the Applicable Agent) of such request (i) in the case of a Eurocurrency Borrowing or CDOR 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, (ii) in the case of an ABR Borrowing, by telephone or electronic communication not later than 12:00 noon, Local Time, on the date of the proposed Borrowing, (iii) in the case of a EURIBOR 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 and (iv) in the case of a Canadian Prime Borrowing, by facsimile or electronic communication 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 signed by the applicable Borrower. Each telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (A) the Borrower requesting such Borrowing;
- (B) the aggregate amount of the requested Borrowing;

(C) the date of such Borrowing, which shall be a Business Day;

(D) the Class, Type and currency of such Borrowing;

(E) in the case of a Eurocurrency Borrowing, EURIBOR 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

(F) the location and number of the account to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, (i) with respect to Borrowings denominated in Dollars, the requested Borrowing shall be an ABR Borrowing and (ii) with respect to Borrowings denominated in Canadian Dollars, the requested Borrowing shall be a Canadian Prime Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, EURIBOR Borrowing or CDOR Borrowing, 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.

(b) To request the Term Loan Borrowing, the Parent shall notify the Administrative Agent of such request (i) in the case such Borrowing is a Eurocurrency Borrowing, by telephone or electronic communication not later than 12:00 noon, Local Time, three (3) Business Days before the date of such Borrowing and (ii) in the case such Borrowing is an ABR Borrowing, by telephone or electronic communication not later than 12:00 noon, Local Time, on the date of such Borrowing. Such Borrowing Request shall be irrevocable and, if delivered by telephone, shall be confirmed promptly by facsimile transmission or electronic communication to the Administrative Agent of a written Borrowing Request signed by the Parent. The Borrowing Request shall specify the following information in compliance with Section 2.02:

(A) the aggregate amount of the requested Borrowing;

(B) the date of the requested Borrowing, which shall be a Business Day;

(C) the Type of such Borrowing;

(D) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(E) the location and number of the account to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to a requested Eurocurrency Borrowing, the Parent shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of such Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Term Loan Lender of the details of such Borrowing Request and of the

amount of such Lender's Loan to be made as part of the requested Borrowing. This Section 2.03(b) shall not apply to Incremental Term Loans, which shall be advanced in accordance with Section 2.19(b).

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 US Availability Period in an aggregate principal amount at any time outstanding that will not result in (A) the US Swingline Exposure exceeding \$7,500,000 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 Alternative Currency Borrowers from time to time during the Alternative Currency Availability Period in an aggregate principal amount that will not result in (A) the Euro Swingline Exposure exceeding \$2,500,000 or (B) the total Alternative Currency Credit Exposures exceeding the total Alternative Currency 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 "Alternative Currency Borrower" and "Alternative Currency Borrowers" shall not include the Parent. Within the foregoing limits and subject to the terms and conditions set forth herein, the US Borrowers and Alternative Currency 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 Administrative Agent of such request by telephone (confirmed by facsimile or electronic communication) not later than 3:30 p.m., Local Time, on the day of a proposed US Swingline Loan. To request a Euro Swingline Loan, an Alternative Currency Borrower shall notify the London 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 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 London Agent not later than 11:00 a.m., Local Time, on any Business Day require the Alternative Currency 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 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 London Agent will give notice thereof to each Alternative Currency Lender specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each US Lender and each Alternative Currency Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent or the London 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 Alternative Currency 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 Alternative Currency 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 Administrative Agent or the London Agent, as applicable, shall promptly pay to the relevant Swingline Lender the amounts so received by it from such Lenders. The Administrative Agent or the London Agent, as applicable, shall notify the US Borrowers or the Alternative Currency 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 Administrative Agent or the London 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 Administrative Agent or the London 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 Alternative Currency 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, (i) at any time during the US Availability Period, any US Borrower may request the issuance of, and the US Issuing Lender shall issue, US Letters of Credit for the account of such Borrower or the account of any of its Subsidiaries and (ii) at any time during the Alternative Currency Availability Period, any Alternative Currency Borrower may request the issuance of, and the London Issuing Lender (in the case of Letters of Credit denominated in any Alternative Currency other than Canadian Dollars) or the Canadian Issuing Lender (in the case of Letters of Credit denominated in Canadian Dollars)

shall issue, Alternative Currency Letters of Credit for the account of such Borrower or the account of any of its Subsidiaries, in each case of clauses (i) and (ii), in a form reasonably acceptable to the Applicable Agent and the Applicable 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 \$20,000,000 and the total US Credit Exposures shall not exceed the total US Commitments and (ii) in the case of an Alternative Currency Letter of Credit, the Alternative Currency LC Exposure shall not exceed \$5,000,000 and the total Alternative Currency Credit Exposures shall not exceed the total Alternative Currency 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 may provide for the renewal thereof for additional 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 and (ii) the London Issuing Lender (in the case of Letters of Credit denominated in any Alternative Currency other than Canadian Dollars) or the Canadian Issuing Lender (in the case of Letters of Credit denominated in Canadian Dollars) hereby grants to each Alternative Currency Lender, and each such Lender hereby acquires from such Issuing Lender, a

participation in such Alternative Currency 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, (i) with respect to a US LC Disbursement, 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 and (ii) with respect to an Alternative Currency LC Disbursement, on the Business Day immediately following 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 second Business Day immediately following the day that such Borrower receives such notice; provided that (A) in the case of a US LC Disbursement, if such LC Disbursement is not less than \$100,000, the applicable 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 US ABR Borrowing or US Swingline Loan in an equivalent amount and, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting US ABR Borrowing or US Swingline Loan, (B) in the case of an Alternative Currency LC Disbursement in any Alternative Currency other than Canadian Dollars, if such LC Disbursement is not less than 250,000 units of the applicable currency, the applicable Alternative Currency 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 EURIBOR Borrowing or a Euro Swingline Loan, in the case of an LC Disbursement in Euros, or a Eurocurrency Borrowing, in the case of an LC Disbursement in any other Alternative Currency, in an equivalent amount and, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing or Euro Swingline Loan and (C) in the case of an LC Disbursement in Canadian Dollars, if such LC Disbursement is not less than C\$50,000, the applicable 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 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 a US ABR Loan, a Swingline Loan, a Eurocurrency Loan, a EURIBOR Loan or a Canadian Prime 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 special, indirect, consequential or punitive 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 London 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) in the case of an LC Disbursement in Euros, at the rate per annum then applicable to Euro Swingline Loans, (iii) in the case of an LC Disbursement in Canadian Dollars, at the rate per annum then applicable to Canadian Prime Loans and (iv) in the case of an LC Disbursement in any other Alternative Currency, at the rate reasonably determined by the London Issuing Lender to be the cost to it of funding such LC Disbursement; 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 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 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 Administrative Agent or the Required US and Alternative Currency 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 Administrative Agent, in the name of the 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 and (ii) the Alternative Currency Borrowers shall deposit in an account with the London Agent (in the case of LC Disbursements in any Alternative Currency other than Canadian Dollars) and the Canadian Agent (in the case of LC Disbursements in Canadian Dollars), in the name of such Agent and for the benefit of the Lenders, an amount in cash in the relevant currencies equal to the total Alternative Currency 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.

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 Loans denominated in Dollars, (ii) 12:00 noon, Local Time, in the case of Loans denominated in any Alternative Currency other than Canadian Dollars and (iii) 2:00 p.m., Local Time, in the case of Loans denominated in Canadian Dollars; 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) US ABR Borrowings or US Swingline Loans made to finance the reimbursement of a US LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the US Issuing Lender, (ii) EURIBOR Borrowings or Euro Swingline Loans made to finance the reimbursement of an LC Disbursement in Euros as provided in Section 2.05(e) shall be remitted by the London Agent to the London Issuing Lender, (iii) Canadian Prime Loans made to finance the reimbursement of an LC Disbursement in Canadian Dollars as provided in Section 2.05(e) shall be remitted by the Canadian Agent to the Canadian Issuing Lender and (iv) Eurocurrency Borrowings in any other Alternative Currency made to finance the reimbursement of an LC Disbursement in such other Alternative Currency as provided in Section 2.05(e) shall be remitted by the London Agent to the London 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 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 an Alternative Currency Lender, a rate determined by the Applicable Agent in accordance with banking industry rules on interbank compensation, (iv) in the case of an Alternative Currency Borrower in respect of amounts in any Alternative Currency other than Canadian Dollars, the interest rate applicable to EURIBOR Loans, in the case of amounts in Euros, or the interest rate applicable to Eurocurrency Loans, in the case of amounts in any such other Alternative Currency and (v) in the case of an Alternative Currency Borrower in respect of amounts in Canadian Dollars, 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 Eurocurrency Borrowing, EURIBOR Borrowing and a CDOR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, (i) with respect to Borrowings denominated in Dollars, the relevant Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, (ii) with respect to a Borrowing denominated in any Alternative Currency other than Canadian Dollars, the relevant Borrower may elect Interest Periods therefor and (iii) with respect to a Borrowings denominated in Canadian Dollars, the relevant 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 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 Eurocurrency Borrowing, a EURIBOR Borrowing, a Canadian Prime Borrowing or a CDOR Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, EURIBOR 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 Eurocurrency Borrowing, a EURIBOR 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 Eurocurrency Borrowing, EURIBOR 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 continued (i) as a Eurocurrency Borrowing in the same currency with an Interest Period of one month's duration in the case of a Eurocurrency Borrowing, (ii) as a EURIBOR Borrowing with an Interest Period of one month's duration in the case of a EURIBOR Borrowing and (iii) as a CDOR Borrowing with an Interest Period of one month's duration in the case of a CDOR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the 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 in Dollars may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto, (iii) no outstanding Borrowing in Canadian Dollars 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, (i) the US Commitments and the Alternative Currency Commitments shall terminate on the Termination Date and (ii) the Term Loan Commitments shall be automatically reduced to zero on the Initial Term Loan Borrowing Date or, if such date does not occur, at 5:00 p.m. New York time on the Initial Term Loan Termination Date.

(b) The Parent may at any time reduce or terminate the Commitments of any Class; provided that (i) each reduction of the US Commitments and the Term Loan 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 and (ii) each reduction of the Alternative Currency Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$1,000,000 and the Parent shall not terminate or reduce the Alternative Currency Commitments if, after giving effect to any concurrent prepayment of Loans in accordance with Section 2.10, the total Alternative Currency Credit Exposures would exceed the total Alternative Currency Commitments.

(c) The Parent shall notify the 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 Administrative Agent shall advise the Applicable Agent if the 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, except in the case of the Term Loan Commitments, to the extent such Commitments are increased pursuant to Section 2.19. 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 Administrative Agent for the account of each US Lender the then unpaid principal amount of each US Loan 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 five (5) Business 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.

(b) Each Alternative Currency Borrower hereby unconditionally promises to pay (i) to the Applicable Agent for the account of each Alternative Currency Lender the then unpaid principal amount of each Alternative Currency Loan 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 five (5) Business Days after the date such Swingline Loan was made and (B) the Termination Date; provided that on each date that an Alternative Currency Borrowing denominated in Euros (other than a Euro Swingline Loan) is made, the applicable Alternative Currency Borrowers shall repay all Euro Swingline Loans then outstanding.

(c) The Parent hereby unconditionally promises to pay to the Administrative Agent for the account of each Term Lender (i) the principal amount of the Term Loans in installments payable on the last day of each calendar quarter during the term of this Agreement, commencing on the last day of the first full calendar quarter after the date on which such Term Loans are borrowed, with such installments being in the aggregate principal amount for all Term Loan Lenders of (A) two and one-half percent (2.5%) of the original principal amount of such Term Loans on the last day of each of the first eight (8) full calendar quarters after the Initial Term Loan Borrowing Date, (B) three and seventy-five one-hundredths percent (3.75%) of the original principal amount of such Term Loans on the last day of each of the eight (8) calendar quarters immediately thereafter and (C) five percent (5.0%) of the original principal amount of such Term Loans on the last day of each calendar quarter thereafter and (ii) the then unpaid principal amount of each Term Loan on the Termination Date.

(d) 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.

(e) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each US Loan and each Term Loan, 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 and from the Parent to each Term Loan Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the US Lenders and the Term Loan Lenders and each such Lender's share thereof.

(f) The London Agent shall maintain accounts in which it shall record (i) the amount of each Loan denominated in an Alternative Currency (other than Canadian Dollars) 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 Alternative Currency Borrowers to each Alternative Currency Lender in respect of such Loans and (iii) the amount of any sum received by the London Agent hereunder for the account of the Alternative Currency Lenders and each such Lender's share thereof.

(g) The Canadian Agent shall maintain accounts in which it shall record (i) the amount of each Loan denominated in Canadian Dollars, 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 Alternative Currency Borrowers to each Alternative Currency Lender in respect of such Loans and (iii) the amount of any sum received by the Canadian Agent hereunder for the account of the Alternative Currency Lenders and each such Lender's share thereof.

(h) The entries made in the accounts maintained pursuant to paragraph (d), (e), (f) or (g) 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.

(i) 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 (d) of this Section.

(b) If at any time the total US Credit Exposures exceed the total US Commitments, the US Borrowers shall, within three (3) Business Days, (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 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).

(c) The Administrative Agent will determine the Alternative Currency Credit Exposure on each Currency Determination Date. In the event that the Administrative Agent determines that the aggregate Alternative Currency Credit Exposure exceeds the total Alternative Currency Commitments, it will notify the Parent and the Parent will (or will cause one or more Alternative Currency Borrowers to), within three (3) Business Days following such notice, (i) prepay Alternative Currency Borrowings in an aggregate amount equal to such excess and (ii) if any excess remains after prepaying all of the Alternative Currency Borrowings as a result of Alternative Currency LC Exposure, pay to the Applicable Issuing Lender(s) on behalf of the Alternative Currency Lenders an amount in cash in the applicable Alternative Currencies equal to such excess to be held as cash collateral as provided in Section 2.05(j).

(d) 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 Eurocurrency Borrowing or CDOR 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, on the date of prepayment, (iii) in the case of prepayment of a EURIBOR Borrowing, 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 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, (v) 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 (vi) 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 by Section 2.12.

Section 2.11 Fees.

(a) The US Borrowers shall pay to the 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 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 Eurocurrency 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 Parent shall pay to the London Agent for the account of each Alternative Currency Lender a commitment fee, which shall accrue at the Commitment Fee Rate on the daily amount of the unused Alternative Currency Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Alternative Currency 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 Alternative Currency 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 Alternative Currency Commitment of each Alternative Currency Lender, Euro Swingline Loans made or deemed made or attributable to such Lender shall not count as usage.

(d) The Parent shall pay (i) to the London Agent for the account of each Alternative Currency Lender a participation fee with respect to its participations in Alternative Currency Letters of Credit denominated in Alternative Currencies (other than Canadian Dollars), 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 Alternative Currency LC Exposure denominated in Alternative Currencies (other than Canadian Dollars) (excluding any portion thereof attributable to unreimbursed Alternative Currency LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Alternative Currency Commitment terminates and the date on which it ceases to have any Alternative Currency LC Exposure in Alternative Currencies (other than Canadian Dollars), (ii) to the Canadian Agent for the account of each Alternative Currency Lender a participation fee with respect to its participations in Alternative Currency Letters of Credit denominated in Canadian Dollars, 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 Alternative Currency LC Exposure denominated in Canadian Dollars (excluding any portion thereof attributable to unreimbursed Alternative Currency LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Alternative Currency Commitment terminates and the date on which it ceases to have any Alternative Currency LC Exposure in Canadian Dollars, (iii) to the London Issuing Lender for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the Alternative Currency LC Exposure attributable to Letters of Credit issued in Alternative Currencies (other than Canadian Dollars) (excluding any portion thereof attributable to unreimbursed Alternative Currency LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Alternative Currency Commitments and the date on which there ceases to be any Alternative Currency LC Exposure denominated in Alternative Currencies (other than Canadian Dollars), but in no event less than \$500 during such period as well as such Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit issued by it or processing of drawings thereunder and (iv) to the Canadian Issuing Lender for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the Alternative Currency LC Exposure attributable to Letters of Credit issued in Canadian Dollars (excluding any portion thereof attributable to unreimbursed Alternative Currency LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Alternative Currency Commitments and the date on which there ceases to be any Alternative Currency LC Exposure denominated in Canadian Dollars, but in no event less than \$500 during such period as well as such Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit issued by it 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 Alternative Currency Commitments terminate and any such fees accruing after the date on which the Alternative Currency Euro Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Lenders 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 Parent shall pay to the Administrative Agent for the account of each Term Loan Lender a commitment fee, which shall accrue at the Commitment Fee Rate, on the amount of such Lender's Term Loan Commitment, during the period from and including the Effective Date to but excluding the Initial Term Loan Borrowing Date or, if such date does not occur, the Initial Term Loan Termination Date. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December, 2015, commencing on March 31, 2015, and on the Initial Term Loan Borrowing Date or, if such date does not occur, on the Initial Term Loan Termination Date (or if the Parent elects to terminate the Term Loan Commitments, on the effective date of such termination). 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 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.

(g) 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 each case, to the Administrative 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 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 Eurocurrency Borrowing (excluding any Euro Swingline Loan) 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 EURIBOR Borrowing shall bear interest at the EURIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(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 (g) 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 Eurocurrency Loan in Dollars 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 (i) interest on Borrowings denominated in Canadian Dollars and in Pounds Sterling) and (ii) interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or, except in the case of Borrowings denominated in Pounds Sterling, 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, EURIBO 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 Market Disruption; Alternate Rate of Interest.

(a) Market Disruption. If, at the time that the Applicable Agent shall seek to determine the relevant Screen Rate on the Quotation Day for any Interest Period, the applicable Screen Rate shall not be available for such Interest Period and/or for the applicable currency for any reason and the Applicable Agent shall determine that it is not possible to determine the Interpolated Rate (which conclusion shall be conclusive and binding absent manifest error), then the LIBO Rate, EURIBO Rate or Canadian Dealer Offered Rate, as the case may be, for such Interest Period for the relevant Borrowing shall be the applicable Reference Bank Rate; provided, that if any Reference Bank Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, however, that if less than two Reference Banks shall supply a rate to the Applicable Agent for purposes of determining such rate for such Borrowing, (i) if such Borrowing shall be requested in Dollars, then such Borrowing shall be made as an ABR Borrowing, (ii) if such Borrowing shall be requested in Canadian Dollars, then such Borrowing shall be made as a Canadian Prime Borrowing and (iii) if such Borrowing shall be requested in any other currency, the request for such Borrowing shall be ineffective.

(b) Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing, EURIBOR Borrowing or CDOR Borrowing:

(i) the Applicable Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate, the EURIBO Rate or the Canadian Dealer Offered Rate, as applicable, for such Interest Period (including, for the avoidance of doubt, pursuant to Section 2.13(a)); or

(ii) the Administrative Agent is advised by the Required Lenders that the LIBO Rate, EURIBO Rate or Canadian Dealer Offered 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, (A) no outstanding Borrowing of Dollars or Canadian Dollars shall be converted or continued as a Eurocurrency Borrowing or CDOR Borrowing, as applicable, and any Interest Election Request requesting such conversion or continuation shall be ineffective, (B) no outstanding Eurocurrency Borrowing in any Alternative Currency or EURIBOR Borrowing shall be continued and any Interest Election Request requesting such continuation shall be ineffective, (C) if any Borrowing Request requests a Eurocurrency Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing, (D) if any Borrowing Request requests a CDOR Borrowing, such Borrowing shall be made as a Canadian Prime Borrowing and (E) if any Borrowing Request requests a Eurocurrency Borrowing in any Alternative Currency or a EURIBOR Borrowing, such request shall be ineffective; provided that if the circumstances giving rise to such notice affect less than all Types of Borrowings, then the other Types of Borrowings shall be permitted.

Section 2.14 Increased Costs.

(a) If any Change in Law shall:

(iii) 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 any Issuing Lender;

(iv) impose on any such Lender or Issuing Lender or the London interbank market or the European Union banking market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(v) 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 to such Lender of making or maintaining any 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 of maintaining its obligation to participate in or to issue any Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender or other Recipient hereunder (whether of principal, interest or otherwise), then the Parent will pay to any such Lender, Issuing Lender or other Recipient such additional amount or amounts as will compensate such Lender, Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Lender determines that any Change in Law regarding capital or liquidity 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 and liquidity), 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 or (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.

Section 2.15 Break Funding Payments. In the event of the payment of any principal of any Eurocurrency Loan, EURIBOR 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), the conversion of any Eurocurrency Loan denominated in Dollars or any CDOR Loan other than on the last day of the Interest Period applicable thereto or the failure to borrow, convert, continue or prepay any Eurocurrency Loan, EURIBOR 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 Eurocurrency Loan, EURIBOR 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 EURIBO 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 Obligor under any Loan Document shall be made free and clear of and without deduction for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Obligor shall be increased as necessary so that after making such deduction or withholding (including deductions and withholdings applicable to additional sums payable under this Section) the applicable Withholding Agent (as applicable) receives an amount equal to the sum it would have received had no such deductions or withholdings been made.

(b) In addition, the Obligors shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) (d) The Obligors shall, jointly and severally, indemnify the Agents, each Lender and each Issuing Lender, within 10 days after written demand therefor, for the full amount of any Indemnified 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 Obligors under the Loan Documents (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 were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that no Alternative Currency 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, including, without limitation, the Obligations of the Parent incurred in its capacity as an Alternative Currency Borrower. A certificate as to the amount of such payment or liability delivered to the Parent 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.

(i) Each Lender shall severally indemnify the Agents, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Obligor has not already indemnified such Agent for such Indemnified Taxes and without limiting the obligation of the Obligors to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by any Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the applicable Agent shall be conclusive absent manifest error. Each Lender hereby authorizes each Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by such Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (ii).

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Obligor 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) 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 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 Administrative Agent, such properly completed and executed documentation prescribed by applicable Law or reasonably requested by the Parent or the 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 Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Parent or the 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.

(i) Without limiting the generality of the foregoing,

(A) any Lender that is a US Person shall deliver to the Parent and the 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 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 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 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 United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN-E establishing an exemption from, or reduction of, 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-E 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 any 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-E; 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-E, 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 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 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 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 Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent or the 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 Administrative Agent as may be necessary for the Parent and the 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. Solely for the purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the Effective Date not otherwise included in the definition thereof.

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 Administrative Agent in writing of its legal inability to do so.

For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Parent and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a “grandfathered obligation” within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(f) If any party determines, in its sole discretion, that it has received a refund of any Taxes or other amounts as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.16 with respect to the Taxes 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 indemnifying party, upon the request of such indemnified party, agrees to repay the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) after receipt of written notice that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. 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 and the term “applicable Law” shall include FATCA.

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 Alternative Currency Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of Alternative Currency 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 the relevant Alternative Currency (except with respect to fees payable pursuant to Section 2.12 which shall be paid in 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 London Agent and the Canadian Agent shall notify the 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 Swingline Loans 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 Alternative Currency Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Alternative Currency Loans and participations in Alternative Currency LC Disbursements and Euro Swingline Loans and (iii) the Term Loan Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans; 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 Alternative Currency Lenders or the Term 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 Administrative Agent and the Administrative Agent shall redistribute such excess to the extent required such that the US Lenders, the Alternative Currency Lenders and the Term Lenders shall receive their Class Percentage of such payment or proceeds. All payments to the 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 outstanding for each Class of the Lenders by the aggregate total Obligations outstanding after giving effect to such payment or receipt of proceeds, all as calculated by the Administrative Agent whose calculation shall be conclusive absent manifest error. For purposes of calculating the Class Percentage, all payments, proceeds and Loan amounts in Alternative Currencies shall be valued at the Dollar Equivalent thereof. For purposes of determining the amount of any payment to be made to the Administrative Agent in Dollars under this paragraph from any Alternative Currency Lender, the amount in Dollars payable shall be equal to the Dollar Equivalent thereof.

(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 (i) the Federal Funds Effective Rate with respect to amounts paid on Loans denominated in Dollars, (ii) the EURIBO Rate with respect to amounts paid on Loans denominated in Euros and (iii) the Canadian Dealer Offered Rate with respect to amounts paid on the Canadian Loans, or in the case of each of the foregoing clauses, if greater, a rate determined by the Applicable Agents in accordance with banking industry rules on interbank compensation and (iv) a rate determined by the Applicable Agents in accordance with banking industry rules on interbank compensation with respect to amounts paid on Loans denominated in an Alternative Currency other than Euros or Canadian Dollars.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), Section 2.05(d) or (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 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 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 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 to Section 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; Incremental Term Loans.

(a) Increase in the Commitments. The Parent may from time to time elect to increase the Commitments of any one or more Classes (each, an "Incremental Commitment Increase"), in each case with a minimum aggregate principal amount of (i) \$20,000,000 (and increments of

\$5,000,000 in excess thereof) with respect to an increase in the US Commitments, (ii) \$2,000,000 (and increments of \$1,000,000 in excess thereof) with respect to an increase in the Alternative Currency Commitments and (iii) \$10,000,000 (and increments of \$5,000,000 in excess thereof) with respect to an increase in the Term Commitments, so long as, after giving effect thereto, (x) the minimum aggregate principal amount of any one Incremental Commitment Increase across all increased Classes is \$20,000,000 (and increments of \$5,000,000 in excess thereof) and (y) the aggregate amount of all Incremental Commitment Increases during the term hereof does not exceed \$100,000,000. The Parent may arrange for any such Incremental Commitment Increase to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, an “Increasing Lender”), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, a “New Lender”) which agree to increase their existing Commitments, or provide new Commitments, as the case may be; provided that (i) the Agents, Issuing Lenders and Swingline Lenders shall have consent rights (not to be unreasonably withheld or delayed) with respect to a New Lender if a consent would be required for an assignment to such New Lender pursuant to Section 10.04(b), (ii) in the case of an Increasing Lender, the Parent and such Increasing Lender execute an Increasing Lender Agreement, and (iii) in the case of a New Lender, the Parent and such New Lender execute a New Lender Agreement. No consent of any Lender (other than the Lenders participating in the Incremental Commitment Increase) shall be required for any increase in Commitments pursuant to this Section 2.19. Each Incremental Commitment Increase shall become effective on the date agreed by the Parent, the Administrative Agent and the relevant Increasing Lenders and/or New Lenders, and the Administrative Agent shall notify each Lender thereof. Upon the effectiveness of any Incremental Commitment Increase, Schedule 2.01 shall be deemed to have been amended to add thereto any New Lenders with respect thereto and reflect the increased or new Commitments of each Lender. Notwithstanding the foregoing, no Incremental Commitment Increase shall become effective unless, (i) on the proposed date of the effectiveness of such Incremental Commitment Increase, (A) the conditions set forth in paragraphs (a), (b) and (d) of Section 4.02 shall be satisfied (with all references in such paragraphs to a Borrowing being deemed to be a reference to such increase and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer and (B) with respect to an Incremental Commitment Increase in respect of the Term Loan Commitments, the Parent shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.14 and 6.15 and (ii) the Administrative Agent shall have received documents and opinions consistent with those delivered on the Effective Date as to the corporate power and authority of the relevant Borrowers to borrow hereunder after giving effect to such increase. Following any Incremental Commitment Increase in respect of the US Commitments or the Alternative Currency Commitments pursuant to this Section, any Loans outstanding prior to the effectiveness of such Incremental Commitment Increase shall continue to be outstanding until the ends of the respective Interest Periods applicable thereto, and shall then be repaid and, if the relevant Borrowers shall so elect, refinanced with new Loans made pursuant to Section 2.01(a) or (b), as applicable, ratably in accordance with such Commitments in effect following such Incremental Commitment Increase.

(b) Incremental Term Loans. On the effective date of any Incremental Commitment Increase in respect of the Term Loan Commitments that occurs after the Initial Term Loan Borrowing Date or the Initial Term Loan Termination Date, as the case may be, each Lender with

an increased Term Loan Commitment shall make a Loan (each such loan, an “Incremental Term Loan”) to the Parent in a principal amount equal to the amount of such Lender’s new or increased Term Loan Commitment as set forth in such Lender’s Increasing Lender Agreement or New Lender Agreement, as applicable. Incremental Term Loans shall be “Term Loans” for all purposes hereunder.

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) and/or (c), 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) (f) 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; and (i) all or any part of the Euro Swingline Exposure and Alternative Currency LC Exposure of such Defaulting Lender, if any, shall be reallocated among the non-Defaulting Alternative Currency Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Alternative Currency Lenders’ Alternative Currency Credit Exposures plus such Defaulting Lender’s Euro Swingline Exposure and Alternative Currency LC Exposure does not exceed the total of all non-Defaulting Alternative Currency Lenders’ Alternative Currency 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 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) and/or (d), 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 (d), as applicable, shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages;

(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) and/or (d), 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 neither the London Issuing Lender nor Canadian Issuing Lender shall be required to issue, amend or increase any Alternative Currency Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Alternative Currency LC Exposure will be 100% covered by the Alternative Currency Commitments of the non-Defaulting Alternative Currency 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 Alternative Currency Letter of Credit shall be allocated among non-Defaulting Alternative Currency Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein); and

(e) any payment of principal, interest, fees or other amounts received by any Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to ARTICLE VII or otherwise) or received by any Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by such Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Agents hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lenders or Swingline Lenders hereunder; *third*, to be held as cash collateral for such Defaulting Lender's LC Exposure other than any portion of such LC Exposure that has been reallocated to other Lenders or cash collateralized in accordance with the terms hereof; *fourth*, as the Parent may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Applicable Agent; *fifth*, if so determined by the Administrative Agent and the Parent, to be held in a deposit account and released pro rata in order

to (i) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (ii) cash collateralize the future funding obligations of such Defaulting Lender of any participation in any Letter of Credit or Swingline Loan; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or Swingline Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, Issuing Lender or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Parent as a result of any judgment of a court of competent jurisdiction obtained by the Parent against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (B) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in LC Disbursements and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.20(c)(i). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.20(e) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

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 Lender shall not be required to issue, amend or increase any Letter of Credit, unless such Swingline Lender or such Issuing Lender, as the case may be, shall have entered into arrangements with the Parent or such Lender, satisfactory to such Swingline Lender or Issuing Lender, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the 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 Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

Section 2.21 Illegality. If, in any applicable jurisdiction, any Agent, Issuing Lender or Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Agent, Issuing Lender or Lender to (a) perform any of its

obligations hereunder or under any other Loan Document, (b) to fund or maintain its participation in any Loan or (c) issue, make, maintain, fund or charge interest with respect to any Loan or Letter of Credit to any Borrower that is organized under the laws of a jurisdiction other than the United States, a State thereof or the District of Columbia, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Parent, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest with respect to any such Loan or Letter of Credit shall be suspended, and to the extent required by applicable Law, cancelled. Upon receipt of such notice, the Parent shall cause the applicable Borrower to, (i) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified the Parent or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable Law) and (ii) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

Section 2.22 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Obligor in respect of any such sum due from it to any Agent or Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by such Agent or Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, such Agent or Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to such Agent or Lender from any Obligor in the Agreement Currency, such Obligor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Agent or Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to such Agent or Lender in such currency, such Agent or Lender, as the case may be, agrees to return the amount of any excess to such Obligor (or to any other Person who may be entitled thereto under applicable Law).

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. Each Obligor and its respective Subsidiaries (with respect to any such Person that is not a US Person, only to the extent applicable) (a) 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, (b) has the requisite power and authority to conduct its business as it is presently being conducted, and (c) 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 would 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. The Transactions will not:

(d) 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;

(e) 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;

(f) 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 would reasonably be expected to result in a Material Adverse Effect;

(g) 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

(h) 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 would reasonably be expected to result in a Material Adverse Effect.

Section 3.04 Financial Statements. The Parent has previously furnished to the Administrative Agent the following financial statements (collectively, the "Financial Statements"): (i) the audited consolidated balance sheet of the Parent as of December 31, 2013, 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, 2014, 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, 2013, there has been no material adverse change in the Parent's consolidated financial position that would reasonably be expected to result in a Material Adverse Effect.

Section 3.05 No Undisclosed Liabilities. 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 (a) 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, (b) current liabilities or obligations incurred in the ordinary course of business since the date of such financial statements, (c) liabilities or obligations that are not required to be included in financial statements prepared in accordance with GAAP, (d) 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, (e) liabilities or obligations that would not reasonably be expected to result in a Material Adverse Effect and (f) other Indebtedness permitted under Section 6.01.

Section 3.06 Litigation. No action, suit or proceeding is pending before any Governmental Authority or arbitration panel, or to the knowledge of the Borrowers, threatened, (a) which seeks to prevent, enjoin or delay any of the Transactions, or (b) 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, would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Compliance with Law. 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, would not reasonably be expected to result in a Material Adverse Effect; and 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. (a) 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, (b) 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 (c) 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 (a), (b) and (c) above, which would 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 (a) real property owned by the Parent or any of its Domestic Subsidiaries and (b) real property leased or otherwise occupied or used by the Parent or any such Domestic Subsidiary 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), 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. All such properties (a) are in good operating order, condition and repair (ordinary wear and tear excepted), as applicable, and (b) 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.

(h) 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 would not reasonable be expected to result in a Material Adverse Effect.

(i) To the Borrowers' knowledge, 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 would 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 would 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, would not reasonably be expected to result in a Material Adverse Effect,

(c) 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;

(d) 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;

(e) 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;

(f) 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;

(g) 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

(h) 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 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. Except to the extent set forth on Schedule 3.16, 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, would 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, would

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.

Section 3.20 Anti-Corruption Laws and Sanctions. The Parent has implemented and maintains in effect policies and procedures designed to ensure compliance by the Parent, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Parent, its Subsidiaries and their respective officers and employees (in such roles) and to the knowledge of the Parent its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Parent or any of its Subsidiaries being designated as a Sanctioned Person. None of (a) the Parent, any Subsidiary of the Parent or any of their respective directors, officers or employees, or (b) to the knowledge of the Parent, any agent of the Parent or any of its Subsidiaries that will act in any capacity in connection with or benefit from the credit facilities established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

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):

(c) The 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 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.

(d) The 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, duly executed modifications to the Mortgages reflecting the Termination Date, as amended and restated by this Agreement;

(e) The 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 Administrative Agent and its counsel.

(f) 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 Administrative Agent in its sole discretion.

(g) 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.

(h) 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 Administrative Agent (or its counsel).

(i) The Lenders shall have received (i) audited consolidated financial statements of the Parent for the fiscal years of the Parent ended December 31, 2012 and December 31, 2013 and (ii) unaudited interim consolidated financial statements of the Parent for each of the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 and (iii) projections of the Parent for the five fiscal years ending after the Effective Date, in each case reasonably satisfactory to the Administrative Agent.

(j) The Administrative Agent shall have received a favorable written opinion (addressed to the Agents and the Lenders and dated the Effective Date) of (i) Sherman & Howard L.L.C., counsel for the Borrowers, covering such matters as the Administrative Agent shall reasonably request, (ii) Alberta counsel to DynaEnergetics Canada concerning the authority of DynaEnergetics Canada to enter into this Agreement and such other matters as the Administrative Agent shall reasonably request and (iii) French, German and Luxembourg counsel to the Borrowers concerning the authority of the Alternative Currency Borrowers and Foreign Guarantors (other than DynaEnergetics Canada and Nitro Metall AB) to enter into the Transactions and such other

matters as the Administrative Agent shall reasonably request. The Borrowers hereby request such counsels to deliver such opinions.

(k) There shall not have occurred any event, change, occurrence or circumstance since December 31, 2013 that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(l) The 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 Administrative Agent and the information disclosed in such reports shall be satisfactory to the Administrative Agent.

(m) The Lenders shall have received details of the legal and capital structure of the Borrowers which shall be reasonably satisfactory to the Lenders.

(n) 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 the 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 Administrative Agent in connection with the Prior Agreement.

(o) 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 Administrative Agent in connection with the Prior Agreement.

(p) The 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 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).

(q) The Administrative Agent shall have received evidence of insurance coverage of each Borrower and its Subsidiaries satisfying the requirements of Section 5.05(b); the 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.

(r) The Administrative Agent shall have received (i) all documentation and other information reasonably requested by the Administrative Agent or the Lenders under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and (ii) all other documents and items that it may reasonably request relating to any other matters relevant hereto, all in form and substance reasonably satisfactory to the Administrative Agent.

Section 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing (other than a conversion or continuation), and of each Issuing Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(i) 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.

(j) No Material Adverse Effect shall have occurred since the date of the most recent Borrowing.

(k) 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).

(l) 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), (b) and (d) of this Section 4.02.

ARTICLE V

Affirmative Covenants

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 (or been cash collateralized to the satisfaction of the applicable Issuing Lenders) and all LC Disbursements shall have been reimbursed:

Section 5.01 Financial Statements and Other Information. The Parent will furnish to the Administrative Agent which shall furnish to each Lender:

(m) 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;

(n) 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;

(o) 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;

(p) 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; provided that such reports, statements and other materials will be deemed to have been delivered on the date same are made available on the Parent's website;

(q) 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);

(r) 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 would 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;

(s) 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

(t) within 90 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2015, a report in form and substance reasonably satisfactory to the 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 Administrative Agent and each Lender prompt written notice of the following:

(k) the occurrence of any Default and the action that the Obligors are taking or propose to take with respect thereto;

(l) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against any Obligor that would reasonably be expected to result in a Material Adverse Effect or that in any manner questions the validity of the Loan Documents;

(m) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; and

(n) any other development that results in, or would 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 would 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 6.03.

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 would 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 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 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, would not reasonably be expected to result in a Material Adverse Effect. The Parent will maintain in effect and enforce policies and procedures designed to ensure compliance by the Parent, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

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 (a) refinance existing Indebtedness; (b) pay the fees, expenses and other transaction costs of the Transactions; and (c) fund working capital and capital expenditure needs and general corporate purposes of such Borrower and its Subsidiaries, including acquisitions. 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. No Borrower will request any Borrowing or Letter of Credit and no Borrower shall use, and each Borrower shall procure that none of its Subsidiaries and its or their respective directors, officers, employees and agents shall use, the proceeds of any Borrowing or Letter of Credit (a) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws,

(b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person or in any Sanctioned Country, or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

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 Administrative Agent thereof and

(j) if such Subsidiary is a Domestic Subsidiary, within 30 days after such Subsidiary is formed or acquired, the Parent shall cause (g) 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 Alternative Currency Borrowers and deliver to the Administrative Agent such other documents relating thereto as the Administrative Agent shall reasonably request, (h) 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 Borrower hereunder and a US Guarantor under Section 9.01(a)(ii) and a party to the relevant Security Documents, which Security Documents secure the Obligations of the US Borrowers and the Alternative Currency Borrowers and deliver to the Administrative Agent such other documents relating thereto as the Administrative Agent shall reasonably request, (i) 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 and the Alternative Currency Borrowers pursuant to the relevant Security Documents and (j) 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 and the Alternative Currency Borrowers pursuant to the relevant Security Documents;

(k) 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 (or such longer period as may be agreed by the Administrative Agent in its sole discretion, but in any event not to exceed 60 days after such formation or acquisition), 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 Administrative Agent such other documents relating thereto as the 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

(l) if such Subsidiary is a Foreign Subsidiary owned by a Foreign Subsidiary, within 45 days after such Subsidiary is formed or acquired (or such longer period as may be agreed by the Administrative Agent in its sole discretion, but in any event not to exceed 60 days after such formation or acquisition), 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 Administrative Agent such other documents relating thereto as the 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 Alternative Currency Borrowers pursuant to the relevant Security Documents.

(m) 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 Parent, the other US Borrowers or any Domestic Subsidiary, including, without limitation, the Obligations of the Parent incurred in its capacity as an Alternative Currency Borrower.

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 Administrative Agent upon the Administrative Agent's request such additional information about any employee benefit plan as may be reasonably requested by the Administrative Agent.

Section 5.11 Compliance with Environmental Laws; Environmental Reports.

(f) 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.

(g) 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 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 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 Administrative Agent thereof, and, shall cause such assets to be subjected to a Lien securing the Obligations of US Borrowers and the Alternative Currency Borrowers.

Section 5.14 Deposit Account Control Agreements; Agreement by the Lenders. Each Obligor will comply with the terms and provisions of the Security Documents to which it is a party, including, without limitation, its obligation to deliver Deposit Account Control Agreements (as defined in the applicable Security Document) in respect of its deposit accounts to the extent required by the Security Documents to which such Obligor is a party. To the extent any Lender is required to enter into a Deposit Account Control Agreement by virtue of such Lender being the financial institution where such deposit accounts are maintained, such Lender agrees that the form of Deposit Account Control Agreement attached hereto as Exhibit 5.14 shall be substantially satisfactory to it, with such changes as may be required by such Lender in accordance with its internal policies for such agreements.

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 (or been cash collateralized to the satisfaction of the applicable Issuing Lenders) 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:

(o) Indebtedness created hereunder or under any of the Loan Documents, including renewals, extensions, refinancings and replacements hereof or thereof;

(p) 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;

(q) 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 \$15,000,000 at any time outstanding;

(r) Indebtedness of any Person in existence on the date on which such Person becomes a Subsidiary of an Obligor; provided (i) such Indebtedness is not incurred or created in connection with such Person becoming a Subsidiary, (ii) neither the Parent nor any other Subsidiary thereof has any obligation with respect to such Indebtedness, (iii) none of the properties of the Parent or any other Subsidiary thereof is bound with respect to such Indebtedness and (iv) the aggregate principal amount of Indebtedness permitted by this clause (d) shall not exceed \$15,000,000 at any time outstanding;

(s) Indebtedness owed by any Obligor to any other Obligor and guarantees by any Obligor of the Indebtedness of any other Obligor and by the Parent of Capital Lease Obligations of any of its Subsidiaries;

(t) Indebtedness owed by any Obligor to any Subsidiary 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 Administrative Agent;

(u) 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(i) in the aggregate shall be limited to \$15,000,000 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;

(v) 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;

(w) 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(g) shall be limited to \$15,000,000 at any time outstanding. Notwithstanding the foregoing, no additional such Indebtedness shall be incurred during the continuance of an Event of Default;

(x) Indebtedness arising in connection with any Swap Agreement permitted by Section 6.06;

(y) Indebtedness in respect of (i) deposits made by customers and held under forward purchasing arrangements entered into with customers in the ordinary course of business, (ii) performance, bid, surety, appeal or similar bonds or completion or performance guarantees provided in the ordinary course of business, (iii) workers' compensation claims or self-insurance obligations otherwise permitted hereunder, in each case incurred in the ordinary course of business and (iv) past due accounts payable being contested in accordance with Section 5.04;

(z) customary indemnification, reimbursement or similar obligations and warranties under leases and other contracts in the ordinary course of business;

(aa) 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;

(bb) Indebtedness constituting Investments permitted by Section 6.05;

(cc) Indebtedness owed by any Obligor or any Subsidiary of any Obligor to any Person that is a Lender or an Affiliate of a Lender at the time such Indebtedness is incurred in respect of loans in currencies other than Dollars or an Alternative Currency and guarantees of any such Indebtedness by any Foreign Guarantor; provided that (i) the aggregate principal amount of Indebtedness permitted by this clause (o) shall not exceed the equivalent amount of \$15,000,000 calculated as of the date such Indebtedness is incurred and (ii) such Lender or such Affiliate and the Administrative Agent shall have entered into an intercreditor agreement in form and substance reasonably satisfactory to the Administrative Agent;

(dd) Indebtedness of any Foreign Subsidiary owing to Commerzbank Aktiengesellschaft in an aggregate principal amount not to exceed €4,000,000 at any time outstanding;

(ee) guarantees by the Parent of contractual obligations of its Subsidiaries entered into in the ordinary course of business not constituting borrowed money;

(ff) Indebtedness incurred by any Obligor or any Subsidiary thereof in connection with a Business Acquisition permitted hereunder; provided that (i) such Indebtedness is denominated in currencies other than Dollars or an Alternative Currency and (ii) the aggregate principal amount of Indebtedness permitted by this clause (r) shall not exceed the Dollar Equivalent of \$15,000,000 at any time outstanding; and

(gg) unsecured Indebtedness in the aggregate amount not in excess of \$10,000,000 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:

(c) Permitted Encumbrances;

(d) Liens created by the Security Documents;

(e) 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;

(f) 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;

(g) 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 of an Obligor; provided that (i) such Liens are not created in contemplation of or in connection with 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 clause (c) or (d) of Section 6.01;

(h) 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;

(i) 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;

(j) 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;

(k) Liens deemed to exist in connection with investments in repurchase agreements described under clause (d) of the definition of Permitted Investments;

(l) 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;

(m) Liens in favor of any Obligor securing Indebtedness permitted under Section 6.01(e) and Section 6.01(g); 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 Administrative Agent;

(n) 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;

(o) Liens on the Collateral in favor of any Lender or any Affiliate of any Lender in respect of Indebtedness permitted under Section 6.01(o); 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(o);

(p) Liens on Equity Interests consisting of preferred equity certificates of Dynamic Materials Luxembourg 1 S.à r.l. and Dynamic Materials Lux 2 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;

(q) Liens on the assets of any Foreign Subsidiary securing Indebtedness permitted under Section 6.01(p), so long as such assets are not Collateral;

(r) Liens to secure Indebtedness permitted by Section 6.01(r); and

(s) to the extent restricted by this Section 6.02, Dispositions permitted by Section 6.04.

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:

(f) 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;

(g) 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;

(h) 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

(i) any Obligor or any of its respective Subsidiaries may change its jurisdiction of organization subject to compliance with Section 6.11; provided that no change in jurisdiction shall result in a Domestic Subsidiary becoming a Foreign Subsidiary;

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 Dispositions. 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:

(d) Dispositions of inventory in the ordinary course of business;

(e) 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;

(f) 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;

(g) Dispositions occurring as the result of a casualty event, condemnation or expropriation;

(h) 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 \$15,000,000 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;

(i) 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;

(j) 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);

(k) 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;

(l) 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;

(m) Dispositions permitted by Section 6.03;

(n) 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;

(o) payment of Restricted Payments permitted by Section 6.07;

(p) Dispositions of Permitted Investments;

(q) any Disposition disclosed in writing to the Administrative Agent and the Lenders prior to the Effective Date; provided that (i) at the time of each such Disposition, no Default or Event of Default shall exist or would result therefrom and (ii) the aggregate book value of the property disposed of in connection with Dispositions pursuant to this clause (n) shall not exceed \$3,000,000; and

(r) any agreement to do any of the foregoing matters described in clauses (a) through (n) 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:

(j) Permitted Investments;

(k) Investments listed on Schedule 6.05 and any extensions, renewals, replacements or refinancings thereof that do not increase the amount of such Investments;

(l) guarantees permitted by Section 6.01;

(m) Investments permitted by Section 6.03 or Section 6.06;

(n) Business Acquisitions permitted by Section 6.10;

(o) 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(g) and Section 6.01(i) 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;

(p) Investments by any Obligor in any other Obligor and Investments permitted by Section 6.01(f);

(q) 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;

(r) 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;

(s) deposits of cash with banks or other financial institutions in the ordinary course of business with respect to which one or more of the Borrowers or its Subsidiaries is the account owner so long as any such deposits by any US Borrower and any Domestic Subsidiary are subject to perfected Liens in favor of the Administrative Agent; provided, however, with respect to deposits

of cash outside the United States with banks or other financial institutions that are located outside the United States, the US Borrower and the Domestic Subsidiaries shall not be required to perfect such Liens in deposits up to but not in excess of \$500,000 (or the equivalent thereof in any foreign currency) in the aggregate;

(t) 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;

(u) Investments by any Subsidiary that is not a Obligor in, to, or for the benefit of any Subsidiary that is not an Obligor;

(v) Investments received as consideration from any Disposition permitted by Section 6.04; and

(w) 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.

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:

(j) Restricted Payments by any Subsidiary of the Parent ratably with respect to the Equity Interests in such Subsidiary;

(k) Restricted Payments to any Obligor;

(l) 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

(m) Restricted Payments by the Parent in any amount so long as (i) no Event of Default exists or is created thereby and (ii) the Leverage Ratio calculated on a pro forma basis for the most recently ended trailing four-quarter period giving effect to such Restricted Payment as if it were paid at the commencement of such four-quarter period is not greater than the maximum Leverage Ratio permitted under Section 6.15 at such time minus 0.50.

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:

- (n) 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;
- (o) any transaction between or among any of the Obligor;
- (p) 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 Obligor;
- (q) intercompany Indebtedness and guarantees permitted by Section 6.01;
- (r) transactions permitted by Section 6.03;
- (s) any transaction permitted by Section 6.04;
- (t) Investments permitted by Section 6.05;
- (u) any Restricted Payment permitted by Section 6.07;
- (v) 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
- (w) 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:

(h) 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 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;

(i) 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;

(j) no Default shall exist before or immediately after giving effect to such Business Acquisition;

(k) in the case of a Business Acquisition of the Equity Interests of an existing Person, such Person's board of directors (or similar governing body) shall have approved such Business Acquisition; and

(l) for any Business Acquisition with total consideration in excess of \$25,000,000 or the equivalent in such other currency used in connection with such Business Acquisition, the Parent shall have given the Administrative Agent and the Lenders at least ten (10) Business Days prior written notice of any such proposed Business Acquisition, which notice 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, (iv) contain the estimated amount of Loans required to effect such proposed Business Acquisition and (v) be accompanied by an officer's certificate executed by a Financial Officer, certifying as to compliance with the requirements of this Section 6.10 and containing the calculation required in clause (a) above.

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 such Business Acquisition 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.

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 name or jurisdiction of organization so long as the 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 (a) 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 (b) 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 Debt Service Coverage Ratio. The Parent shall not permit the Debt Service Coverage Ratio for any trailing four quarter period measured as of the last day of any fiscal quarter to be less than 1.35 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 3.0 to 1.0.

Section 6.16 Beneficial Interests in Deposit Accounts. No Borrower will, nor will any Borrower permit any of its respective Subsidiaries to, maintain an amount of deposits in cash in excess of \$500,000 (or the equivalent thereof in any foreign currency) in the aggregate for longer than two (2) Business Days (or, in the case of accounts maintained at Royal Bank of Canada, four (4) Business Days) with banks or other financial institutions with respect to which (a) one of the Obligors owns a beneficial interest, (b) one of the Obligors is not the account owner and (c) an account control agreement acceptable to the Administrative Agent is not in place.

ARTICLE VII

Events of Default and Remedies

Section 7.01 Events of Default. If any of the following events ("Events of Default") shall occur:

(t) 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;

(u) 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;

(v) 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;

(w) 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;

(x) 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 Administrative Agent to the Parent;

(y) 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;

(z) 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 sale, transfer, condemnation or destruction of the property or assets securing such Indebtedness;

(aa) 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;

(bb) 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;

(cc) any Borrower or any Subsidiary shall become unable, admit in writing its inability, or fail generally to pay its debts as they become due;

(dd) one or more judgments for the payment of money that is not covered by insurance in an aggregate amount in excess of \$5,000,000 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;

(ee) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(ff) 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;

(gg) 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 Administrative Agent or any Lender, including the expiration of an UCC financing statements or other instruments necessary to perfect the 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

(hh) 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 Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Parent, 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 Administrative Agent, the London Agent and the Canadian 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 are 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 are determined by a court of competent jurisdiction by final and non-appealable judgment to have 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 Administrative Agent, (b) London, England, if such successor bank is the London Agent or (c) Toronto, Canada, if such successor bank is the Canadian 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 VIII 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. Subject to the provisions of paragraph (c) below,

(k)(2) 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 Alternative Currency Loans, and the full and punctual payment of all other Obligations payable by the Alternative Currency Borrowers and the Foreign Guarantors under the Loan Documents. Upon failure by any Alternative Currency 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.

(i) 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 Revolving Loans, the Alternative Currency Loans and the Term Loans, and the full and punctual payment of all other Obligations payable by the US Borrowers, the Alternative Currency Borrowers, the Foreign Guarantors or any other US Guarantor under the Loan Documents. Upon failure by any US Borrower, any Alternative Currency 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.

(ii) 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 Alternative Currency 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 or the Alternative Currency Borrowers and that in the event of a declaration or attempted declaration, the Obligations of the US Borrowers, the Alternative Currency 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.

(s) 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 Alternative Currency Loans (other than any such Alternative Currency Loans as to which the Parent is the Borrower), and the full and punctual payment of all other Obligations payable by the Alternative Currency Borrowers (other than the Parent) or any other Foreign Guarantor under the Loan Documents. Upon failure by any such Alternative Currency 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 such Alternative Currency 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 such Alternative Currency Borrowers and that in the event of a declaration or attempted declaration, the Obligations of such Alternative Currency Borrowers and the other Foreign Guarantors shall immediately become due and payable by each Foreign Guarantor for the purposes of this Guarantee.

(t) 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 Parent or any other 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 Parent, the other US Borrowers or any Domestic Subsidiary, including, without limitation, the Obligations of the Parent incurred in its capacity as an Alternative Currency Borrower.

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:

(x) 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;

(y) any modification, amendment or waiver of or supplement to the Loan Documents;

(z) 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;

(aa) 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;

(bb) 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;

(cc) 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

(dd) 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 Alternative Currency Lender, the US Guarantors under Section 9.01(a)(ii) jointly and severally agree to indemnify each US Lender and each Alternative Currency and the Foreign Guarantors jointly and severally agree to indemnify each Alternative Currency 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 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 Alternative Currency Lenders, the London Agent, the Canadian Agent and the holders of the Alternative Currency Loans against the Alternative Currency 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 or the Alternative Currency 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.

(i) 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 Administrative Agent made at the request of the requisite proportion of the Lenders specified in ARTICLE X of this Agreement.

(j) 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 Alternative Currency 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 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 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 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 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Obligor to honor all of its obligations hereunder in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 9.10 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.10, or otherwise hereunder, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until discharge of the Guarantee as described in Section 9.03 or release of such Guarantor as described in Section 9.08. Each Qualified ECP Guarantor intends that this Section 9.10 constitute, and this Section 9.10 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Obligor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act. Notwithstanding the foregoing, 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 be required to provide such funds or other support under this Section 9.10 with respect to obligations of the US Borrowers or any Domestic Subsidiary to the extent materially adverse tax consequences would result.

Section 9.11 Jurisdiction Specific Provisions. The provisions of this ARTICLE IX are subject to the limitations contained in the jurisdiction specific provisions contained in Schedule 9.11 attached hereto.

ARTICLE X

Miscellaneous

Section 10.01 Notices.

(ee) 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) 604-3948
Telephone No.: (303) 655-5700

with a copy to

Sherman & Howard L.L.C.
633 Seventeenth Street, Suite 3000
Denver, Colorado 80202
Attention: Michael Borchlewicz
Facsimile No.: (303) 298-0940
Telephone No.: (303) 299-8404

- (ii) if to a Guarantor, to it in care of the Parent;

- (iii) if to the Administrative Agent, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, LS2 Floor
Chicago, Illinois 60603
Facsimile No.: (844) 235-1788
Telephone No.: (312) 385-7015

with copies to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Patrick Green
Facsimile No.: (303) 296-1304
Telephone No.: (303) 244-3221

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 London Agent, to

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London
England
E14 5JP
Attention: Loan Agency London
Facsimile No.: (44) 207 777 2360

(v) if to the Canadian Agent, to

JP Morgan Loan Services
JPMorgan Chase Bank, N.A.
Loan and Agency Service Group
10 South Dearborn, LS2 Floor
Chicago, Illinois 60603
Facsimile No.: (844) 235-1788
Telephone No.: (312) 385-7015

(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, LS2 Floor
Chicago, Illinois 60603
Facsimile No.: (844) 235-1788
Telephone No.: (312) 385-7015

with a copy to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Patrick Green
Facsimile No.: (303) 296-1304
Telephone No.: (303) 244-3221

(vii) if to the London Issuing Lender, to

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London
England
E14 5JP
Attention: Loan Agency London
Facsimile No.: (44) 207 777 2360

(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, LS2 Floor
Chicago, Illinois 60603
Facsimile No.: (844) 235-1788
Telephone No.: (312) 385-7015

(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, LS2 Floor
Chicago, Illinois 60603
Facsimile No.: (844) 235-1788
Telephone No.: (312) 385-7015

with a copy to

JPMorgan Chase Bank, N.A.
1125 17th Street, Suite 300
Denver, Colorado 80202
Attention: Patrick Green
Facsimile No.: (303) 296-1304
Telephone No.: (303) 244-3221

(x) if to the Euro Swingline Lender to

J.P. Morgan Europe Limited
25 Bank Street

Canary Wharf
London
England
E14 5JP
Attention: Loan Agency London
Facsimile No.: (44) 207 777 2360

(xi) if to any other Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

(ff) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the 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.

(gg) 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.

(e) 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.

(f) 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 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 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, (viii) result in any Foreign Subsidiary becoming a Borrower hereunder, without the written consent of each Lender directly affected thereby or (ix) 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.

(n) 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.

(o) 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 “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, 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 or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by the Parent or any other Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto; **and whether or not caused by the ordinary, sole or contributory negligence of any Indemnatee**, provided further that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee or (B) result from claims solely between or among Indemnitees not involving an act or omission by the Parent or any of its Affiliates (other than a claim against an Agent, Issuing Lender or Swingline Lender, in each case, in its capacity as such). It is agreed by the parties hereto that the indemnity obligations of the Parent under that certain commitment letter, dated as of January 19, 2015, among the Parent, the Administrative Agent and the other parties thereto are superseded to the extent described in this Agreement.

(p) 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 Administrative Agent, the US Issuing Lender or the US Swingline Lender, each US Lender and each Term Loan Lender severally agrees to pay to the Administrative Agent, the US Issuing Lender or the US Swingline Lender, as the case may be, such Lender’s pro rata share of such unpaid amount, and (ii) in the case of the case of amounts owed to the London Agent, the Canadian Agent, the London Issuing Lender, the Canadian Issuing Lender or the Euro Swingline Lender, each Alternative Currency Lender severally agrees to pay to such Person such Lender’s pro rata share 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; provided, further, that no Lender shall be required to pay any amounts under clause (a) or (b) that are directly attributable to any Swap Agreement described in the definition of Loan Documents to which such Lender or its Affiliate is not the counterparty.

(q) To the extent permitted by applicable Law, each Obligor shall not assert, and hereby waives, any claim against any Indemnatee, 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.

(r) 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 (l) 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 (m) 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) (n) 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 Administrative Agent within seven Business Days after having received written notice thereof;

(B) the Administrative Agent, provided that no such consent shall be required for an assignment of any Commitment or Loan to an assignee that is a Lender with a Commitment or Loan 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, 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 Administrative Agent) shall not be less than \$5,000,000 or the equivalent amount as determined by the Administrative Agent and after giving effect 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 Administrative Agent unless each of the Parent and the Administrative Agent otherwise consent (and for purposes of calculating the assigning Lender's Commitment or Loans subject to any such assignment and such Lender's Commitment or Loans remaining after giving effect to such assignment, such amounts shall be deemed to include the Commitments and Loans assigned by such Lender's Affiliate that is an Alternative Currency Lender and such Affiliate's Commitments and Loans remaining after giving effect to such assignment, in each case, by reason of the provisions of clause (B) below); 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 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 and Loans of each Lender (for purposes of this clause (B), any Affiliate of a US Lender that is itself an Alternative Currency Lender shall be treated as if it were such Lender with the effect that any assignment under the US Commitments by a Lender results in a proportionate assignment by such Lender's Affiliate under the Alternative Currency Commitments);

(C) the parties to each assignment shall execute and deliver to the 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 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 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 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 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 London Agent thereof, and with respect to any assignment of any Canadian Commitment or Loan, shall notify the Canadian 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.

(a) (o) 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.

(i) 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.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(b) 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 Administrative Agent and when the 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. Notwithstanding the foregoing, no Lender or Affiliate thereof shall set off or apply any deposits of a Foreign Subsidiary or any other obligations at any time owing by such Lender or Affiliate to or for the credit of such Foreign Subsidiary, on account of any or all of the obligations of the Parent, the US Borrowers or any Domestic Subsidiary, including, without limitation, any or all of the obligations of the Parent incurred in its capacity as an Alternative Currency Borrower. 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 Person'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. 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(a), or any other provision of this Agreement or any Loan Document, each of the Agents, the Issuing Lenders, the Lenders and the Obligor 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(a) 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 "Patriot 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 (a) 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 (b) such "Obligations" are in all respects continuing with only the terms thereof being modified as provided in this Agreement.

Section 10.16 Exiting Lender. Each of Bank of the West and Wells Fargo Bank, National Association, Canadian Branch, 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 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, and (b) 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 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 Lender 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,
ALTERNATIVE CURRENCY BORROWER AND US
GUARANTOR

DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

[BY SEPARATE SIGNATURE PAGE]

Signature Page to Second Amended and Restated Credit Agreement

**PARENT, US BORROWER, ALTERNATIVE
CURRENCY BORROWER AND
US GUARANTOR:**

DYNAMIC MATERIALS CORPORATION

By: /s/ Michael Kuta

Name: Michael Kuta

Title: Chief Financial Officer

Signature Page to Second Amended and Restated Credit Agreement

US BORROWER AND US GUARANTOR:

DMC KOREA, INC.

By: /s/ Michael Kuta

Name: Michael Kuta

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

US BORROWER AND US GUARANTOR:

DYNAENERGETICS US, INC.

By: /s/ Michael Kuta

Name: Michael Kuta

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

DYNAENERGETICS CANADA INC.

By: /s/ D. Roy Moorefield

Name: D. Roy Moorefield

Title: Assistant Secretary

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

DYNAMIC MATERIALS LUXEMBOURG 1 S.Á R.L.

By: /s/ Richard A. Santa

Name: Richard A. Santa

Title: Class B Director

Signature Page to Second Amended and Restated Credit Agreement

**ALTERNATIVE CURRENCY BORROWER AND
FOREIGN GUARANTOR:**

DYNAMIC MATERIALS LUXEMBOURG 2 S.Á R.L.

By: /s/ Richard A. Santa

Name: Richard A. Santa

Title: Class B Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

NOBELCLAD EUROPE SA

By: /s/ Antoine Nobili

Name: Antoine Nobili

Title: Administrator et Directeur Général

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

NITRO METALL AB

By: /s/ Antoine Nobili

Name: Antoine Nobili

Title: Director

Signature Page to Second Amended and Restated Credit Agreement

**ALTERNATIVE CURRENCY BORROWER AND
FOREIGN GUARANTOR:**

DYNAENERGETICS HOLDING GMBH

By: /s/ Ian Grieves

Name: Ian Grieves

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

**ALTERNATIVE CURRENCY BORROWER AND
FOREIGN GUARANTOR:**

DYNAENERGETICS BETEILIGUNGS GMBH

By: /s/ Achim Pabst

Name: Achim Pabst

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

**ALTERNATIVE CURRENCY BORROWER AND
FOREIGN GUARANTOR:**

DYNAENERGETICS GMBH & CO., KG

By: DYNAENERGETICS BETEILIGUNGS GMBH, as
general partner

By: /s/ Achim Pabst

Name: Achim Pabst

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

NOBELCLAD EUROPE HOLDING GmbH

By: /s/ Antoine Nobili

Name: Antoine Nobili

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

**ALTERNATIVE CURRENCY BORROWER AND
FOREIGN GUARANTOR:**

NOBELCLAD EUROPE GMBH AND CO., KG

By: NOBELCLAD EUROPE HOLDING GMBH, as general
partner

By: /s/ Antoine Nobili

__Name: Antoine Nobili

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

ooo DYNAenergetics RUS

By: /s/ Eduard Nurmuhametov

Name: Eduard Nurmuhametov

Title: General Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

DYNAENERGETICS SIBERIA LIMITED

By: /s/ Wilhelm Sonnenberg
Name: Wilhelm Sonnenberg
Title: General Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

TOO KAZDYNAENERGETICS

By: /s/ Assel Tazhenova

Name: Assel Tazhenova

Title: Managing Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

DYNAMIC MATERIALS CORPORATION (HK) LIMITED

By: /s/ Richard A. Santa

Name: Richard A. Santa

Title: Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

**DYNAMIC MATERIALS CORPORATION (SHANGHAI)
TRADING CO. LTD.**

By: /s/ Richard A. Santa

Name: Richard A. Santa

Title: Director

Signature Page to Second Amended and Restated Credit Agreement

FOREIGN GUARANTOR:

DYNAENERGETICS COLOMBIA S.A.S.

By: /s/ Richard A. Santa

Name: Richard A. Santa

Title: Director

Signature Page to Second Amended and Restated Credit Agreement

**ADMINISTRATIVE AGENT,
US ISSUING LENDER,
US SWINGLINE LENDER AND
US LENDER:**

JPMORGAN CHASE BANK, N.A.

By: /s/ Patrick Green

Name: Patrick Green

Title: Senior Vice President

Signature Page to Second Amended and Restated Credit Agreement

LONDON AGENT:

J.P. MORGAN EUROPE LIMITED

By: /s/ Belinda Lucas

Name: Belinda Lucas

Title: Associate and Authorised Signatory

Signature Page to Second Amended and Restated Credit Agreement

**LONDON ISSUING LENDER,
EURO SWINGLINE LENDER AND ALTERNATIVE
CURRENCY LENDER TO DYNAMIC MATERIALS
LUXEMBOURG 2 S.Á.R.L.:**

J.P. MORGAN EUROPE LIMITED

By: /s/ Altan Kayaalp

Name: Altan Kayaalp

Title: Executive Director

Signature Page to Second Amended and Restated Credit Agreement

**CANADIAN AGENT,
CANADIAN ISSUING LENDER AND
ALTERNATIVE CURRENCY LENDER:**

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH

By: /s/ Deborah Booth

Name: Deborah Booth

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

**SYNDICATION AGENT,
US LENDER AND
ALTERNATIVE CURRENCY LENDER:**

KEYBANK NATIONAL ASSOCIATION

By: /s/ Kenneth D. Brown

Name: Kenneth D. Brown

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

**DOCUMENTATION AGENT,
US LENDER AND
ALTERNATIVE CURRENCY LENDER:**

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Brad Elliot
Name: Brad Elliot
Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

**US LENDER AND
ALTERNATIVE CURRENCY LENDER:**

BANK OF AMERICA, N.A.

By: /s/ Satish S. Chander
Name: Satish S. Chander
Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

ALTERNATIVE CURRENCY LENDER:

**BANK OF AMERICA, NATIONAL ASSOCIATION
(CANADA BRANCH)**

By: /s/ Medina Sales De Andrade

Name: Medina Sales De Andrade

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

Acknowledged and agreed to only with
respect to Section 10.16 of the Agreement
by:

BANK OF THE WEST

By: /s/ Terry A. Switz

Name: Terry A. Switz

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

Acknowledged and agreed to only with
respect to Section 10.16 of the Agreement
by:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, CANADIAN BRANCH

By: /s/ Mark Beck

Name: Mark Beck

Title: Vice President

Signature Page to Second Amended and Restated Credit Agreement

SUBSIDIARIES OF THE COMPANY

Name of Subsidiary	State or Jurisdiction of Incorporation
DMC Korea Inc.	Colorado
DYNAenergetics Beteiligungs GmbH	Germany
DYNAenergetics Canada Inc	Canada
DYNAenergetics Colombia SAS	Colombia
DYNAenergetics GmbH & Co KG	Germany
DYNAenergetics Holding GmbH	Germany
DYNAenergetics RUS	Russia
DYNAenergetics US, Inc	Colorado
Dynamic Materials Corporation (HK) Ltd	Hong Kong
Dynamic Materials Luxembourg 1 S.a r.L	Luxembourg
Dynamic Materials Luxembourg 2 S.a r.L	Luxembourg
DMC Dynaplat GmbH & Co KG	Germany
DMC Dynaplat Holdings GmbH	Germany
KAZ DYNAenergetics	Kazakhstan
LLC DYNAenergetics Siberia	Russia
Nitro Metall Aktiebolag	Sweden
Nobelclad Europe S.A.	France
Perfoline	Russia

**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. 333-188796) pertaining to Dynamic Materials Corporation's 2006 Stock Incentive Plan, and

(2) Registration Statement (Form S-8 No. 333-182979) pertaining to Dynamic Materials Corporation's Employee Stock Purchase Plan;

of our reports dated March 16, 2015, with respect to the consolidated financial statements and schedules of Dynamic Materials Corporation and the effectiveness of internal control over financial reporting of Dynamic Materials Corporation included in this Annual Report (Form 10-K) of Dynamic Materials Corporation for the year ended December 31, 2014.

/s/ Ernst & Young LLP

Denver, Colorado

March 16, 2015

CERTIFICATIONS

I, Kevin T. Longe, 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 16, 2015

/s/ Kevin T. Longe

Kevin T. Longe
President and Chief Executive Officer
of Dynamic Materials Corporation

CERTIFICATIONS

I, Michael Kuta, 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 16, 2015

/s/ Michael Kuta

Michael Kuta

Chief Financial Officer of Dynamic Materials Corporation

**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, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin T. Longe, 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 16, 2015

/s/ Kevin T. Longe

Kevin T. Longe
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.

**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, 2014 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 16, 2015

/s/ Michael Kuta

Michael Kuta

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.