

FORUM ENERGY TECHNOLOGIES, INC.

Form S-1/A

October 21, 2011

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As filed with the Securities and Exchange Commission on October 21, 2011

Registration No. 333-176603

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No.1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Forum Energy Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

3533
(Primary Standard Industrial

61-1488595
(I.R.S. Employer

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incorporation or organization)

Classification Code Number)
920 Memorial City Way, Suite 800

Identification No.)

Houston, Texas 77024

(281) 949-2500

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

James L. McCulloch

Senior Vice President, General Counsel and Secretary

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

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

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

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

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

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

Large accelerated filer "
 Accelerated filer "
 Non-accelerated filer x
 Smaller reporting company "

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

	Proposed	
Title of Each Class of Securities to Be Registered	maximum aggregate offering price (1)(2)	Amount of registration fee (3)
Common Stock, par value \$0.01 per share	\$345,000,000	\$39,987

(1) Includes shares of common stock issuable upon exercise of the underwriters' option to purchase additional shares of common stock.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

(3) The total registration fee includes \$34,830 that was previously paid for the registration of \$300,000,000 of proposed maximum aggregate offering price in the filing of the Registration Statement (Registration No. 333-176603) on September 1, 2011, and \$5,157 for the registration of an additional \$45,000,000 of proposed maximum aggregate offering price registered hereby.

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

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

Subject to completion, dated October 21, 2011

Prospectus

shares

Forum Energy Technologies, Inc.

Common stock

Forum Energy Technologies, Inc. is offering _____ shares of its common stock and the selling stockholders are offering _____ shares of common stock. This is an initial public offering of our common stock. We anticipate that the initial public offering price of our common stock will be between \$ _____ and \$ _____ per share.

We have applied to list our common stock on the New York Stock Exchange under the symbol FET.

	Per share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds to Forum Energy Technologies, Inc., before expenses	\$ _____	\$ _____
Proceeds to selling stockholders, before expenses	\$ _____	\$ _____

Forum Energy Technologies, Inc. has granted the underwriters an option for a period of 30 days to purchase up to additional _____ shares of common stock and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to additional _____ shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Delivery of the shares of common stock is expected to be made on or about _____, 2011.

Investing in our common stock involves risks. See Risk factors beginning on page 21.

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

**J.P. Morgan
BofA Merrill Lynch**

Credit Suisse

Citigroup

Deutsche Bank Securities

, 2011

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor any of the selling stockholders has authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus. We and the selling stockholders are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock.

Until _____, 2011, all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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Industry and market data

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates and our management's understanding of industry conditions.

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Prospectus summary

This summary provides a brief overview of information contained elsewhere in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, including the information presented under the headings Risk factors, Cautionary note regarding forward-looking statements and Management's discussion and analysis of financial condition and results of operations and the historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. Unless otherwise indicated, information presented in this prospectus assumes that the underwriters' option to purchase additional common stock is not exercised. We have provided definitions for certain industry terms used in this prospectus in the Glossary beginning on page A-1 of this prospectus.

In this prospectus, unless the context otherwise requires, the terms we, us, our and the Company refer to Forum Energy Technologies, Inc. and its subsidiaries. In this prospectus, unless the context otherwise requires, the term SCF refers to SCF-V, L.P., SCF-VI, L.P. and SCF-VII, L.P., collectively, or any of them individually.

Unless the context otherwise requires, the pro forma financial and operational data presented in this prospectus give effect to: (i) our acquisition of: Wood Flowline Products, LLC, completed in February 2011 (the Wood Flowline Acquisition); Phoinix Global LLC, completed in April 2011 (the Phoinix Acquisition); Specialist ROV Tooling Services, Ltd., completed in May 2011 (the Specialist Acquisition); Cannon Services LP, completed in July 2011 (the Cannon Acquisition); SVP Products Inc., completed in July 2011 (the SVP Acquisition); AMC Global Group Ltd., completed in July 2011 (the AMC Acquisition); P-Quip Ltd., completed in July 2011 (the P-Quip Acquisition); and Davis-Lynch LLC, completed in July 2011 (the Davis-Lynch Acquisition); and (ii) this offering and the use of proceeds therefrom, in each case as described in our unaudited pro forma condensed combined financial data included elsewhere in this prospectus. We refer to the transactions described in the preceding clause (i) as the 2011 Acquisitions. Please read Management's discussion and analysis of financial condition and results of operations Recent acquisitions.

Forum Energy Technologies, Inc.

Overview

We are a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. We design and manufacture products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. In 2010, approximately 41% of our pro forma revenue was derived from the sale of capital products, while approximately 52% was derived from consumable products, spare parts or aftermarket services, with the balance of the revenue coming from rental or other sources. Our capital products are directed at drilling rig new build, upgrade and refurbishment projects; subsea construction and development services; the placement of production equipment on a per well basis; and downstream capital projects. Our highly engineered systems are critical components used on drilling rigs or in the course of subsea

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operations, while our consumable products are vital to maintaining efficient and safe operations at well sites, within the supporting infrastructure and at processing centers and refineries. Our revenues are generated throughout land and offshore markets and across several international regions, with 43% of our 2010 pro forma revenue derived outside of the United States.

We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, land and offshore drilling contractors, well intervention service providers, subsea construction and service companies, pipeline operators and refinery and petrochemical plant operators, among others. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems. Our goal is to be the supplier of choice for our customers by offering innovative, reliable and cost effective products, and by investing in long-term relationships that add value to our customers' operations.

Our business consists of two segments:

Drilling and Subsea Segment. We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. This segment contributed \$626 million, or 66% to our 2010 pro forma revenue.

Subsea solutions. We design and manufacture subsea capital equipment; specialty components and tooling; and applied products for subsea pipelines; and we also provide a broad suite of complementary subsea technical services and rental items. We have a core focus on the design and manufacture of unmanned submarines known in the industry as remotely operated vehicles (ROVs) as well as other specialty subsea vehicles. We believe that our Perry and Sub-Atlantic vehicle brands are among the most respected in the industry. Our related technical services complement our vehicle offering by providing the market with a broad selection of critical product solutions and rental items that enhance our customers' ability to operate in harsh subsea environments. We have a long tradition of working with customers to develop innovative product solutions to address the increasingly complex challenges of deepwater operations.

Downhole products. We design and manufacture downhole products that serve the well construction and production enhancement markets. Among the products we supply are proprietary Davis-Lynch cementing and casing tools, such as float equipment, stage tools and inflatable packers, as well as Cannon downhole protection solutions for permanent gauges, sub surface safety valve (SSSV) control lines, electrical submersible pump (ESP) cabling and other downhole control lines and flatpacks.

Drilling products. We provide both drilling consumables and capital equipment, including powered and manual tubular handling equipment, specialized torque equipment, customized offline crane systems, drilling data acquisition management systems, pumps, valves, manifolds, drilling fluid-end components, pressure control equipment for both coiled tubing and wireline well intervention operations and a broad line of items consumed in the drilling process. We have a core focus on products that enhance our customers' handling of tubulars on the drilling rig. Our drilling capital equipment offering is concentrated on targeted, high value added products and equipment where we have identified a clear market opportunity, such as our Wrangler branded catwalks and iron roughnecks.

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Production and Infrastructure Segment. We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. This segment contributed \$329 million, or 34% to our 2010 pro forma revenue.

Flow equipment. We design, manufacture and provide flow equipment to the well stimulation, testing and flowback markets. Our product offering includes the critical components typically found in the flow equipment train from the well stimulation pressure pump to the manifold at the wellhead. These components routinely encounter high pressures, requiring frequent refurbishment or replacement. We also provide related flow equipment recertification and refurbishment services, which are critical to the safe and reliable operation of completion activities.

Surface process and pipeline equipment. We design, manufacture and provide engineered process systems and related field services from the wellhead to inside the refinery fence. Once a well has been drilled, completed and brought on stream, we provide the well operator-producer with the process equipment necessary to make the oil or gas ready for transmission. Our engineered product offering includes a broad range of separators, packaged production systems, tanks, pressure vessels, skidded vessels with gas measurement, modular process plants, headers and manifolds. We also provide specialty pipeline construction equipment on a rental basis.

Valve solutions. We design, manufacture and provide a wide range of industrial valves that principally serve the upstream, midstream and downstream markets of the oil and gas value chain. We provide a comprehensive suite of ball, gate, globe, check and butterfly valves across a wide range of sizes and applications. Our manufacturing and supply chain systems enable us to design and produce high-quality, engineered valves, as well as provide standardized products, while maintaining competitive pricing and minimizing capital requirements.

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The following table summarizes our key product lines, grouped by our two business segments:

Drilling and subsea segment			Production and infrastructure segment		
Drilling products	Downhole products	Subsea solutions	Flow equipment	Surface process and pipeline equipment	Valve solutions
Tubular handling equipment	Centralizers	Work class remote operating vehicles	Triplex and quintuplex fluid end assemblies (600 & 2250 HP)	Tanks	Flanged floating ball valves
Wrangler Roughnecks	Float equipment			Separators	
Wrangler Catwalks	Stage cementing tools	Observation class remote operating vehicles	Swivel joints, including large diameter	Vapor Recovery Units	Threaded and socket welded ball valves
Specialized torque machines and bucking units	Inflatable packers	Remote operating seafloor coring tools (ROVDrill)		Scrubbers	Butterfly valves
Crane systems	Flotation collars		Pup joints	Well test units	Metal seated ball valves
Drill floor instrumentation and monitoring systems	Cementing plugs	Specialty vehicles	Swages		Trunnion mounted ball valves
Choke and kill manifold mud systems	Fill and circulate tools for running casing		Hammer unions	Compressor headers and manifolds	
	Casing hangars	Subsea pipeline joint infill and coating products		Pipeline bending equipment	Full opening check valves
Coiled tubing and wireline blowout preventers	Surge reduction equipment	Rescue submarines	LT and TE Plug valve (up 5 inch)	EDGE Desalination	Pressure seal valves

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Drilling and production valves, chokes and flowline connections	Stamped metal protection systems	Tether management systems	Chokes	and Dehydration	Cast iron valves
Centrifugal pumps and fluid end-components	Customized downhole protection installation tools	ROV thrusters, valve packs, hot stabs	Relief valves	Lease Automatic Custody (LACT) Units	
Patented mud pump liner retention and mud pump rod piston systems			Bull plugs	Skids	
Specialty oilfield bearings		Standardized and specialized ROV tooling	Pressure pumping manifold trailers		
		Dynamic positioning equipment	Flowback manifold skids		
		Geotechnical and geoscience services	Flow equipment trucks		
		Related subsea technical services			

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Current trends in our industry

We are currently focused on the following trends that we believe will positively affect our business in the coming years. The majority of these are secular growth trends that we believe will outpace general industry growth.

Increasing complexity of well construction. As conventional sources of oil and gas are depleted, our industry continues to develop new well construction technologies and techniques that allow operators to recover more hydrocarbons from each well and make previously uneconomic reservoirs profitable. These techniques, most pronounced in the North American market, include drilling deeper, more highly deviated well paths, increasing the number of hydraulic fracturing stages and generally employing more complex completion practices on the surface and downhole. This trend is driving demand for new products and equipment that are specifically designed to address these new requirements. As these practices mature and spread to international markets, we believe that the market for the associated products and technologies could significantly expand.

Growing service intensity associated with unconventional resources. The dramatic growth in the development of unconventional shale and tight sand formations, principally in North America, is placing increasing demands on the service equipment. In the U.S., 57% of the active land rigs, as of October 19, 2011, are drilling horizontal wells, the well path best suited to developing shale and tight sands, compared to 19% of the active land rigs as of five years ago, according to data from Baker Hughes. This change in development activity requires investment in new equipment to address the unique demands of these resource plays and places a much greater strain on drilling and completion equipment, which results in shorter replacement cycles for capital equipment and consumables, and drives greater demand for maintenance and refurbishment activity.

Increasing investment in subsea equipment and related services. As the industry develops more deepwater fields, the amount of subsea infrastructure is expected to continue to increase and the ability of service companies and producers to control operations in a safe and effective manner will become more challenging. Subsea infrastructure is also becoming more complex given the focus on larger, more interconnected fields in ultra deepwater environments. This growing complexity is expected to result in greater demand for technologies and products, such as ROVs, that are specifically designed to help service companies and producers gain situational awareness and preserve operational effectiveness. In addition, maintaining and servicing this additional subsea infrastructure is expected to become a larger market as the number of subsea well completions increases and the population of producing subsea wells ages.

Heightened focus on product maintenance and certification. Our customers and the relevant regulatory authorities are increasingly focused on product and equipment integrity, particularly in applications or environments in which products are exposed to high pressure, high temperature or corrosive elements. We have observed many of our customers implementing more regular and rigorous maintenance and recertification programs for equipment with long useful lives, which we believe could increase the demand for aftermarket services and parts across many product categories.

Increased capital spending in the oil and gas industry. The growing global demand for energy has resulted in substantial capital spending increases by oil and natural gas producers.

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According to Spears & Associates, annual global oilfield capital spending has increased from \$85 billion in 2000 to \$259 billion in 2010, representing a compounded annual growth rate of 12%. Spears & Associates projects capital expenditures will rise to \$275 billion in 2011.

Recovery in global drilling activity and new rig replacement cycle. As global drilling activity has steadily recovered since the 2009 economic downturn, there has been a corresponding increase in new build rig activity as operators require newer technology to meet increasingly challenging drilling conditions, with a focus on mobility, drilling efficiency, power and safety. According to RigLogix, as of October 18, 2011, 101 new offshore rigs have been ordered since January 2010, with an aggregate price of over \$37 billion. Additionally, 59% of all currently deployed offshore rigs were commissioned prior to 1990, generating a need for replacement rigs that employ the latest drilling and safety equipment. We believe this trend will continue to fuel a high level of capital investment in drilling rigs, which presents an opportunity for capital equipment manufacturers and value added component suppliers.

Development of heavy oil reserves in Canada. Canadian heavy oil reserves offer a large, stable and reliable source of oil for North America. Recent advances in technologies and development practices have lowered both the cost of producing these reserves and the environmental impact of these operations. The lowered cost of production, combined with a stable and robust outlook for oil prices, have enabled the heavy oil producers to undertake long-term development initiatives. The Canadian Association of Petroleum Producers (CAPP) has estimated total Canadian heavy oil crude production, including oils sands, will increase from 1,845 Mbpd in 2010 to 3,981 Mbpd by 2015, representing a compound annual growth rate of 5%. We believe that this trend will continue, and that opportunities to provide reliable severe service products used in the heavy oil development process will offer a long-term growth market.

While we believe that these trends will benefit us, our markets may be adversely affected by industry conditions that are beyond our control. Any prolonged substantial reduction in oil and gas prices would likely affect oil and gas drilling and production levels and therefore would affect demand for the products and services we provide. For more information on this and other risks to our business and our industry, please read Risk factors Risks related to our business.

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Our business strategy

Our objective is to build a leading global oilfield products company that supplies high quality, mission critical products and related aftermarket services, serving customers globally across the oil and gas value chain. We intend to accomplish that objective and capitalize on the key long-term industry growth trends through the execution of the following strategic elements:

Tailor our product offering and capacity to customer spending. On an annual basis, we conduct a bottoms-up analysis of the sources and drivers of our revenue. Our analysis is focused on various types of revenue splits and exposures, including: (1) phases of the life of the well; (2) geographic exposure by shipment destination; (3) land or offshore application; (4) product purchase cycles; and (5) commodity mix. This process relies on a combination of financial analysis and management estimation. Our analysis of our 2010 pro forma revenues is as follows:

As part of the bottoms-up analysis described above, we also estimate the broad industry drivers of our business. We believe that our 2010 pro forma revenue was strongly driven by North American unconventional resource developments, global deepwater development activity, shallow offshore activity and international land activity, with lesser contributions from Canadian

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heavy oil developments and downstream activity. Although acquisitions may cause fluctuations in our business mix, we intend to preserve and enhance the diversity of our business as a core part of our strategy. We believe this diversity reduces the impact of the volatility of any single well cycle phase or equipment spend cycle on our financial performance. A description of how we define each of the categories within each revenue split above is included in the Glossary beginning on page A-1 of this prospectus.

Leverage our product lines strengths across our platform. Each of our respective product lines has particular strengths that can be leveraged across the entire platform. We intend to cross-fertilize technologies, share research and development initiatives and leverage key geographic, supply chain and customer strengths to grow and improve the profitability of our overall business.

Expand our geographic presence. We intend to enhance our access to key global markets and to grow or establish our presence across the North American unconventional resource basins. We also plan to build upon our existing presence in the North American, North Sea, Middle East, South American and Asia Pacific regions through deployment of sales, distribution, service and manufacturing resources. We believe this expansion will provide more points of contact with our customers, allowing us to respond more quickly to their needs.

Invest in manufacturing capacity and excellence. We focus on the continuous improvement of our manufacturing processes and quality controls, which are vital to ensuring product reliability. We also continue to invest in expanding our manufacturing capacity by increasing output, upgrading machinery or adding roofline in strategically important geographies. We believe that in certain product lines, particularly those sold into the North American unconventional resource plays, locating manufacturing and service capabilities in close proximity to field locations improves response time, reduces freight costs and enhances customer service.

Pursue disciplined growth through acquisitions. We have a track record of successfully growing our earnings and product offerings by making attractive acquisitions. We intend to continue to selectively pursue acquisitions that increase our exposure to the most important growth trends in the oil and gas industry, fill critical product gaps and expand our geographic scope. With a strong balance sheet and sufficient financial resources, we believe that we can continue to acquire companies in high growth product areas and expose the acquired product lines to new customers and distribution channels, while preserving the entrepreneurial attributes that made them attractive on a stand-alone basis.

Develop new products. We conduct strategic reviews to identify underserved market opportunities and invest in continuous product development efforts. We believe this process allows us to enhance our exposure to key secular trends and serve our customers needs more effectively. We have developed strong working relationships with our major customers, several of which routinely approach us with requests for solutions to specific application challenges. We plan to continue to invest in new product engineering capabilities and leverage our expertise to address customer needs. Recent examples include the land and offshore versions of our Wrangler Roughneck, a critical makeup and breakout tool for tubulars on a drilling rig, and our subsea ROVDrill, a unique tool designed to perform subsea drilling functions independent of the support vessel while using only the associated ROV for power and control.

Focus on product quality and customer service. We have a track record of providing innovative, reliable, fit-for-purpose products at competitive prices while remaining responsive to the needs

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of our customers. We work closely and flexibly with our customers on delivery timing and service after the sale. We seek to ensure that our businesses have the facilities and personnel to maintain the highest level of quality and service as we grow around the world.

Our competitive strengths

We believe that we are well positioned to execute our strategy based on the following competitive strengths:

Broad product offering with exposure to key long-term industry trends and a diverse customer base. Our exposure to a mix of consumable products, capital products and aftermarket parts and services enables us to participate in the construction, capacity expansion, maintenance, upgrade and refurbishment phases of the energy cycle. In addition, we have exposure to multiple sectors of the oil and gas industry and a diverse mix of customers across the full oil and gas value chain. We believe our broad product offering, diversified exposure to industry trends and extensive customer base reduces our dependence on any one phase, purchase cycle, segment or region and should result in more stable financial results.

Focus on critical peripheral products. Many of our products, particularly those serving the drilling and well stimulation markets, are non-discretionary components that represent a small percentage of the life cycle cost associated with large capital equipment. We believe that focusing on specialized, peripheral products affords us full exposure to the most powerful investment trends in the oil and gas industry while insulating us from the intense competitive environment and construction risks often associated with selling the largest capital equipment packages.

Solid base of recurring revenues from consumable products. In 2010, we generated approximately 52% of our pro forma revenues from consumable products, spare parts or aftermarket parts and services, which are critical to large capital equipment or energy infrastructure. In some cases, these products must be replaced multiple times throughout the life cycle of the related capital equipment or infrastructure installations. These products have replacement cycles ranging from a few months to a few years, resulting in a stable base of recurring revenues. We often complement these products with a recertification and refurbishment service, which helps us preserve strong customer relations. We have also observed that our customers often return to the same vendors for replacement parts, lending further revenue stability and visibility.

Experienced management team with proven public company track record. Our executive officers and senior operational managers have an average of over 30 years of experience in the oilfield manufacturing and service industry. Each of our top three operational executives served as the chief operational officer of one or more large publicly held oilfield service companies or of a significant division thereof. We believe their collective background provides our management team with an in-depth understanding of our customers' needs, enhances our ability to deliver customer-driven solutions and allows us to operate effectively throughout industry cycles. Several members of our management team were executives or directors at one of the five companies that combined to form Forum Energy Technologies, Inc. in August 2010.

Multiple avenues for growth and strong cash flows. We are focused on a core set of product platforms that we believe offer strong long-term growth. The breadth of our product offering affords us multiple organic growth avenues in which to deploy our capital, and we invest in the highest value opportunities that meet our return objectives and further our strategic goals.

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Similarly, we believe the scope of available acquisition opportunities will be enhanced by the numerous strategic directions available to us. In the face of particularly strong competition for acquisitions in a specific sector, we can deploy capital to other areas of our Company that afford better relative value. We also believe that our breadth and size allows us to meaningfully change our financial profile and business composition with modestly sized acquisitions. Finally, our manufacturing operations are not capital intensive to maintain or expand, which allows us to generate strong cash flow. This provides us with capacity to finance organic growth opportunities with internally generated resources.

Proven ability to grow earnings and improve product offering through a focused acquisition strategy. We have a strong track record of strategically targeting key product opportunities, completing accretive transactions and effectively integrating these businesses. We have a disciplined acquisition strategy that allows us to develop proprietary deal flow by identifying emerging industry trends, identifying existing platforms positioned to capitalize on these trends, and in some cases isolating acquisition opportunities that are largely missed by our competitors due to smaller size and scale. Each of the original five companies that combined to form Forum Energy Technologies, Inc. was itself the result of a similar acquisition strategy focused on a specific industry growth theme. Our current acquisition strategy is a continuation of that successful model. Since the Combination in August 2010, we have completed eight acquisitions, three of which were focused on enhancing existing product offerings, while the remaining five permitted us to establish two new product offering platforms: downhole products and flow equipment related to well stimulation.

Customer responsive product innovation. We have grown our business by being responsive to customer needs and developing strong relationships at multiple levels of our customers' organizations. We believe our ability to develop new products is enhanced because of these customer relationships. Our experienced engineering and technical staff has partnered with our customers to design and develop new products that add value to their operations or reduce their total cost of doing business. As a result, we have developed and commercialized a number of new products that have improved the efficiency and safety of our customers' operations including our powered Wrangler catwalk and iron roughnecks, powered mousehole tool, Perry ROVDrill, low profile urban gas processing unit and others.

Recent developments

Established consumable flow equipment product line. In late 2010, we launched a strategic effort to expand our product offering to include consumable products used in the well stimulation and completion processes. Our initial focus was on the consumable flow equipment and pressure control equipment used in the well stimulation, testing and flowback processes. In 2011, we closed three acquisitions to form our core platform with an aggregate capital deployment of approximately \$115 million. Taken together, these acquisitions have established our consumable flow equipment platform within our Production and Infrastructure Segment. These acquisitions provide us with a full product offering, expert managers, key customer relationships and critical expertise in the design, engineering and manufacture of the full range and sizes of flow equipment. Moreover, as recertification and refurbishment operations are critical to ensuring the reliable and safe operation of a pressure pumping company's fleet, we operate a fleet of sophisticated mobile recertification and refurbishment tractor trailers, which we can deploy to the customer's yard or to the well site.

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Established downhole products line. In late 2010, we undertook a strategic initiative to build a platform that would provide exposure to the growing market of downhole products associated with the increasing complexity of well construction and completion. We targeted niche downhole products that were consumed during the well construction, completion, intervention and production enhancement processes, as well as those that were associated with the growth in intelligent well construction. We recently completed two acquisitions to form this new product platform for an aggregate capital deployment of \$365 million. We acquired market leading companies with strong brands in Davis-Lynch, a 64 year old manufacturer of proprietary cementing and casing tools, and Cannon Services, a 25 year old manufacturer of downhole control line and gauge protection systems.

Strengthened subsea product offering. We believe that the interface between ROVs and subsea hardware will become more critical as the complexity and number of subsea installations increases. One of our strategic objectives is to create a capability to efficiently develop and manage this interface for our customers through a custom tooling organization. In May 2011, we completed a UK based acquisition to strengthen our existing subsea tooling and specialty product offering.

Strengthened drilling products offering. Our drilling products offering has a core focus in products that are involved in the handling of tubulars and in flow control equipment that supports drilling rig operations. We recently completed two acquisitions to enhance our drilling products offering for an aggregate capital deployment of approximately \$80 million. The product additions included specialized torque equipment for tubular connections, proprietary mud pump fluid end assemblies, liner retention systems and valve cover retentions systems.

Recent product developments. We invest in continuous product development efforts to enhance our exposure to key, long-term growth trends in the oil and natural gas industry and support our ability to serve our customers needs more effectively. Recent product developments include:

ROVDrill achieves technical milestone. The ROVDrill is a unique tool designed to perform subsea drilling functions independent of the support vessel while using only the associated ROV for power and control. During the first quarter of 2011, the ROVDrill successfully completed a drilling program to validate subsurface mineral deposits for a mining customer. We believe this technology also has significant applications outside the mining industry, implications for the existing seafloor coring market and applications for use in better understanding geologic fault lines.

Wrangler Roughneck completes initial drilling well program. The Wrangler Roughneck is a power tool used to make-up and break-out drill pipe and we believe it is a vital piece of drilling rig equipment. We designed this product to meet the growing need for a high-torque tool optimized for drilling complex wells. Our initial unit successfully concluded a three well land drilling program for a key customer during which it completed over 4,000 connections. We also recently developed and sold an offshore version of this tool to a major contractor. We believe this technology has significant applications in unconventional resource basins and in the growing offshore drilling market.

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Risk factors

Investing in our common stock involves risks. In particular, the following considerations may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decrease in the price of our common stock and result in a loss of all or a portion of your investment:

We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclical nature may cause fluctuations in our revenues and results of our operations.

Our inability to control the inherent risks of acquiring and integrating businesses could disrupt our business, dilute stockholder value and adversely affect our operating results going forward.

Our operating history may not be sufficient for investors to evaluate our business and prospects.

Growing our business organically through the expansion of our existing product lines and facilities subjects us to risks of construction delay and cost overruns.

We may be unable to employ a sufficient number of skilled and qualified workers.

The current pace of spending for drilling rigs and other capital intensive equipment may not be sustainable over time, and our financial results may suffer to the extent they are dependent on sales of such equipment.

Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components may result in increased operating expenses.

We are subject to the risk of supplier concentration.

Our operations and our customers' operations are subject to a variety of governmental laws and regulations that may increase our costs, limit the demand for our products and services or restrict our operations.

The markets in which we operate are highly competitive, and some of our competitors hold substantial market share and have substantially greater resources than we do. We may not be able to compete successfully in this environment and, in particular, against a much larger competitor.

L.E. Simmons & Associates, Incorporated (LESA), through SCF, will control the outcome of stockholder voting and may exercise this voting power in a manner adverse to you.

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We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities. LESA may allocate any potential opportunities to its other portfolio companies where LESA determines, in its discretion, such opportunities are the most logical strategic and operational fit. For a discussion of these risks and other considerations that could negatively affect us, including risks related to this offering and our common stock, see Risk factors beginning on page 21 and Cautionary note regarding forward-looking statements.

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The combination

SCF Partners, L.P. (SCF Partners) is a private equity firm that has specialized in investments in the oilfield services sector since it was founded in 1989. From May 2005 to August 2007, SCF Partners made investments in product and manufacturing companies targeted at specific oilfield growth trends. During that time, SCF Partners acquired Forum Oilfield Technologies, Inc. (FOT), Global Flow Technologies, Inc. (Global Flow), Triton Group Holdings, LLC (Triton), Allied Production Services, Inc. (Allied) and Subsea Services International, Inc. (Subsea). In addition to growing organically after their acquisition by SCF Partners, FOT, Global Flow, Triton, Allied and Subsea completed, in the aggregate, 28 acquisitions from May 2005 to January 2009. For more information regarding the development of FOT, Global Flow, Triton, Allied and Subsea through organic growth and acquisitions please read Business Business history.

Beginning in 2009, and in collaboration with SCF Partners, several of the companies initiated long-term strategic discussions concerning the formation of a broadly based oilfield products company that would be capitalized to take advantage of growth opportunities as the industry recovered from the industry wide downcycle that occurred in 2009. On August 2, 2010, each of FOT, Global Flow, Triton, Allied and Subsea were combined (referred to in this prospectus as the Combination). In the Combination, FOT became the parent company and was renamed Forum Energy Technologies, Inc.

The strategic rationale for the Combination was based on the following key objectives and benefits:

Increase access to growth capital. Many of the Combination companies projected that there would be significant growth opportunities available during a 2010-2012 recovery, both in terms of organic and acquisition growth. However, many of these growth opportunities required financial commitments that would strain the individual company s balance sheets. On an aggregate basis, and through entry into our senior secured credit facility and an additional equity commitment of \$50.0 million from SCF Partners, the combined Company could have the capability to make those investments. Please read Management s discussion and analysis of financial condition and results of operations Liquidity and capital resources Our senior secured credit facility for a detailed description of our current amended and restated credit agreement and Certain relationships and related party transactions Subscription and warrant agreements for additional information regarding SCF s equity commitment.

Enhance ability to serve our customers and improve cross selling of products. A larger platform with better financing would instill greater confidence in customers and better position the business to pursue larger capital equipment orders, multi-year fleet renewal programs, consumable product inventory management and other long-term strategic supplier arrangements. In addition, access to a more expansive geographic platform would provide several of the Combination companies with a greater capacity to provide aftermarket service. Finally, the management teams believed that we would have more opportunities to reach certain targeted customers and the ability to leverage those interactions to drive incremental revenue opportunities. For example, management believed that Allied s customer relationships with producers would provide introductory opportunities for Global Flow s valve business, which generally is pulled through distribution companies to the producer.

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Leverage the strengths of each company across the combined Company. Each of the Combination companies had particular strengths, many of which would benefit one or more of the others. For example, the controls technology expertise imbedded within Triton's ROV development group could provide FOT's tubular handling capital equipment development effort with access to highly skilled engineers who had solutions to controls technology challenges. A second example involved Global Flow's robust supply chain system, which involved outsourced manufacturing and critical vendor relationships in Asia. The combined management believed that access to this supply chain and the knowledge that produced it would accelerate similar efforts across the other companies.

Enhance financial stability. Each of the Combination companies was subject to different industry drivers, many of which have historically experienced different cycles. The management teams believed that a combined company participating in each of these varying cycles would provide an enhanced measure of stability to the business and to the long-term planning process by decreasing the volatility of its financial results.

Internally source products. Some of the Combination companies used products of other Combination companies in their manufacturing process. The management teams believed there would be an opportunity to generate incremental business by internally sourcing some of these products.

Having concluded the Combination, we believe that the investment thesis and the associated operational benefits to us have been proven. As integration has proceeded, we have discovered benefits and opportunities incremental to those described above. We believe that the operational and financial benefits realized through the Combination have: (1) enhanced our growth potential; (2) offered ongoing synergistic opportunities; (3) provided the opportunity to develop broader and more diversified product lines; (4) enabled us to compete with larger companies; (5) provided an opportunity to leverage discrete internal initiatives across a broader platform; and (6) established a good foundation for long-term growth. Several of these opportunities are under development and we believe that there will be strong benefits to the business as we continue to grow.

Stock split

Prior to the completion of this offering, we expect our board to approve a proposal to amend our certificate of incorporation to give effect to a stock split of our issued and outstanding common stock. For additional information, see [Stock split](#).

Corporate information

Our principal executive offices are located at 920 Memorial City Way, Suite 800, Houston, Texas 77024, and our telephone number at that address is (281) 949-2500. Our website is available at <http://www.f-e-t.com>. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

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The offering

Common stock offered by Forum Energy Technologies, Inc. shares (shares if the underwriters' option is exercised in full)

Common stock offered by the selling stockholders shares (shares if the underwriters' option is exercised in full)

Total common stock offered shares (shares if the underwriters' option is exercised in full)

Common stock to be outstanding after the offering shares (shares if the underwriters' option is exercised in full)

Common stock owned by the selling stockholders after the offering shares (shares if the underwriters' option allotment is exercised in full)

Over-allotment option We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of our common stock and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to additional shares of our common stock.

Use of proceeds We will receive net proceeds of approximately \$ million from the sale of the common stock by us, assuming an initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated expenses and underwriting discounts and commissions. Each \$1.00 increase (decrease) in the public offering price would increase (decrease) our net proceeds by approximately \$ million. We intend to use all of the net proceeds from this offering and any proceeds from any exercise of the underwriters' option to purchase additional common stock from us to repay outstanding borrowings under the revolving portion of our senior secured credit facility. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders. See "Use of proceeds."

Dividend policy We do not anticipate paying any cash dividends on our common stock. In addition, our senior secured credit facility prohibits us from paying any cash dividends prior to January 1, 2012, and also contains restrictions on making cash dividends after that date.

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Risk factors You should carefully read and consider the information beginning on page 21 of this prospectus set forth under the heading "Risk factors" and all other information set forth in this prospectus before deciding to invest in our common stock.

Proposed New York Stock ExchangeFET
(NYSE) symbol

Conflicts of interest We may use more than 5% of the net proceeds of this offering to repay indebtedness owed by us to affiliates of the underwriters that are lenders under our credit agreement. See "Use of proceeds." Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. This rule requires that a qualified independent underwriter meeting certain standards participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence with respect thereto. has agreed to act as a qualified independent underwriter within the meaning of Rule 5121 in connection with this offering. See "Underwriting (conflicts of interest)."

The number of shares of common stock that will be outstanding after the offering includes shares of restricted common stock issued to officers and other employees under our stock incentive plan that are subject to vesting. As of October 19, 2011, there were 19,392 shares of restricted stock outstanding that remain subject to vesting.

The number of shares of common stock that will be outstanding after the offering excludes:

213,080 shares issuable upon the exercise of options outstanding as of October 19, 2011 under our stock incentive plan;

193,292 shares issuable upon the exercise of warrants outstanding as of October 19, 2011;

an aggregate of 167,528 shares of common stock reserved and available for future issuance as of October 19, 2011 under our stock incentive plan; and

an aggregate of up to 15,253 shares, which may be issued as contingent consideration based on certain operating results of companies previously acquired.

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Summary historical and pro forma financial data

You should read the following summary historical consolidated and pro forma condensed combined financial data in conjunction with Unaudited pro forma condensed combined financial data, Selected historical consolidated financial data, Management's discussion and analysis of financial condition and results of operations and the historical consolidated combined financial statements and related notes thereto included elsewhere in this prospectus. The financial data included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

The summary historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009, and 2010 are derived from our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The historical financial data as of June 30, 2011 and for the six months ended June 30, 2010 and 2011 are derived from our unaudited consolidated financial statements and the related notes thereto included elsewhere in this prospectus, have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial data.

The summary pro forma condensed combined financial data as of June 30, 2011 and for the year ended December 31, 2010 and the six months ended June 30, 2011 are derived from the unaudited pro forma financial statements of Forum Energy Technologies, Inc. included in this prospectus under Unaudited pro forma condensed combined financial data. The pro forma financial data for the year ended December 31, 2010 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in Use of proceeds, in each case as if each such transaction had occurred on January 1, 2010. The pro forma financial data for the six months ended June 30, 2011 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in Use of proceeds, in each case as if each such transaction had occurred on January 1, 2011. The pro forma balance sheet as of June 30, 2011 gives effect to the five acquisitions completed subsequent to June 30, 2011 (the Cannon Acquisition, the SVP Acquisition, the AMC Acquisition, the P-Quip Acquisition and the Davis-Lynch Acquisition), the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in Use of proceeds, in each case as if each such transaction had occurred on June 30, 2011. For additional information regarding the estimates and adjustments made to prepare the pro forma financial data, please see Unaudited pro forma condensed combined financial data included elsewhere in this prospectus.

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	Actual			Pro forma			
	Year ended December 31,			Six months ended		Year ended	Six months ended
	2008	2009	2010	2010	June 30, 2011	December 31, 2010	June 30, 2011
				(unaudited)			(unaudited)
(in thousands, except per share information)							
Statement of income data:							
Net sales	\$ 972,551	\$ 677,378	\$ 747,335	\$ 349,290	\$ 460,506	\$ 955,449	\$ 570,508
Cost of sales	691,824	491,463	533,078	245,957	324,517	637,060	372,540
Gross profit	280,727	185,915	214,257	103,333	135,989	318,389	197,968
Operating expenses							
Selling, general and administrative expenses	146,943	128,562	141,441	64,597	78,880	186,915	100,473
Contingent consideration					5,800		5,800
Transaction expenses					2,616		
Impairment of goodwill and other intangible assets	44,015	7,009					
(Gain) loss on sales of assets	(619)	137	(461)	(123)	(420)	(461)	(420)
Total operating expenses	190,339	135,708	140,980	64,474	86,876	186,454	105,853
Income from operations	90,388	50,207	73,277	38,859	49,113	131,935	92,115
Other expense							
Expenses related to the Combination			6,968			6,968	
Deferred loan costs written off			6,082			6,082	
Interest expense	24,704	19,451	18,189	9,242	7,689	31,569	12,744
Other, net	(2,065)	(1,088)	(2,308)	(981)	751	(2,486)	476
Total other expense	22,639	18,363	28,931	8,261	8,440	42,133	13,220
Income from continuing operations before income taxes	67,749	31,844	44,346	30,598	40,673	89,802	78,895
Provision for income tax expense	32,938	11,011	20,297	10,235	14,383	35,325	27,035
Income from continuing operations	34,811	20,833	24,049	20,363	26,290	54,477	51,860
Loss from discontinued operations, net of taxes	(396)	(1,342)					
Net income	34,415	19,491	24,049	20,363	26,290	54,477	51,860
Less: Income attributable to noncontrolling interest	(39)	(155)	(111)	(73)	(187)	(111)	(187)
Net income attributable to common stockholders	\$ 34,376	\$ 19,336	\$ 23,938	\$ 20,290	\$ 26,103	\$ 54,366	\$ 51,673
Weighted average shares outstanding							
Basic	1,232	1,304	1,454	1,309	1,591		
Diluted	1,261	1,322	1,468	1,322	1,658		
Earnings per share							
Basic	\$ 27.90	\$ 14.83	\$ 16.46	\$ 15.50	\$ 16.41		
Diluted	27.26	14.63	16.31	15.35	15.74		

As of December 31,

Pro forma

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(in thousands)	2009	2010	As of June 30, 2011 (unaudited)	As of June 30, 2011 (unaudited)
Balance sheet data:				
Cash and cash equivalents	\$ 26,894	\$ 20,348	\$ 66,137	\$ 76,881
Net property, plant and equipment	96,747	90,632	104,496	120,570
Total assets	840,226	818,332	1,068,511	1,561,866
Long-term debt	236,937	204,715	279,668	453,558
Total stockholders' equity	401,927	462,523	571,671	869,727

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	Year ended December 31,			Six months ended		Pro forma	
	2008	2009	2010	June 30, 2010	June 30, 2011	Year ended 2010	Six months ended June 30, 2011
(in thousands)				(unaudited)		(unaudited)	
Other financial data:							
Net cash provided by operating activities	\$ 112,463	\$ 107,751	\$ 65,981	\$ 25,861	\$ 1,906		
Net cash used in investing activities	\$ (160,937)	\$ (10,914)	\$ (19,216)	\$ (5,045)	\$ (84,825)		
Net cash provided by / (used in) financing activities	\$ 58,871	\$ (94,532)	\$ (54,265)	\$ (21,370)	\$ 126,057		
EBITDA(1) (unaudited)	\$ 127,328	\$ 89,578	\$ 95,640	\$ 54,480	\$ 64,530	\$ 170,345	\$ 114,694
Adjusted EBITDA (1) (unaudited)	\$ 171,343	\$ 96,587	\$ 108,690	\$ 54,480	\$ 72,946	\$ 183,395	\$ 120,494

(1) EBITDA and Adjusted EBITDA are non-GAAP financial measures. For definitions and a reconciliation of these measures to our net income, see Non-GAAP financial measure below.

Non-GAAP financial measure

EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

We define EBITDA as net income attributable to common stockholders before interest expense, taxes, depreciation and amortization and loss from discontinued operations. EBITDA is not a measure of net income or cash flows as determined by U.S. generally accepted accounting principles (GAAP).

We define Adjusted EBITDA as EBITDA discussed above further adjusted for (1) impairment loss related to goodwill and other intangible assets, (2) expenses related to the Combination, (3) deferred loan costs written-off (4) contingent consideration for acquisitions and (5) transaction expenses for acquisitions.

Management believes EBITDA and Adjusted EBITDA are useful because they allow us to more effectively evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at these measures because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. These measures should not be considered as an alternative to, or more meaningful than, net income or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from these measures are significant components in understanding and assessing a company s financial performance, such as a company s cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of these measures. Our computations of these measures may not be comparable to other similarly titled measures of other companies. We believe that these are widely followed measures of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

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The following tables present a reconciliation of the non-GAAP financial measure of EBITDA and Adjusted EBITDA to the GAAP financial measure of net income.

	Year ended December 31,			Six months ended		Year	Pro forma
	2008	2009	2010	June 30, 2010	December 31, 2011	ended 2010	Six months ended June 30, 2011
(in thousands)				(unaudited)		(unaudited)	
<u>EBITDA Reconciliation:</u>							
Net income attributable to common stockholders	\$ 34,376	\$ 19,336	\$ 23,938	\$ 20,290	\$ 26,103	\$ 54,366	\$ 51,673
Interest expense	24,704	19,451	18,189	9,242	7,689	31,569	12,744
Depreciation and amortization	34,914	38,438	33,216	14,713	16,355	49,085	23,242
Income tax expense	32,938	11,011	20,297	10,235	14,383	35,325	27,035
Loss from discontinued operation	396	1,342					
EBITDA	\$ 127,328	\$ 89,578	\$ 95,640	\$ 54,480	\$ 64,530	\$ 170,345	\$ 114,694
<u>Adjusted EBITDA Reconciliation:</u>							
EBITDA	\$ 127,328	\$ 89,578	\$ 95,640	\$ 54,480	\$ 64,530	\$ 170,345	\$ 114,694
Impairment of goodwill and other intangible assets	44,015	7,009					
Expenses related to the Combination			6,968			6,968	
Deferred loan costs written off			6,082			6,082	
Contingent consideration for acquisitions					5,800		5,800
Transaction expenses for acquisitions					2,616		
Adjusted EBITDA	\$ 171,343	\$ 96,587	\$ 108,690	\$ 54,480	\$ 72,946	\$ 183,395	\$ 120,494

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Risk factors

You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations or cash flow could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks related to our business

We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclicity may cause fluctuations in our revenues and results of our operations.

We have experienced, and expect to continue to experience, fluctuations in revenues and operating results due to economic and business cycles. The willingness of oil and natural gas operators to make capital expenditures to explore for and produce oil and natural gas and the willingness of oilfield service companies to invest in capital equipment depends largely upon prevailing industry conditions that are influenced by numerous factors over which we have no control, such as:

the supply of and demand for oil and natural gas;

the level of prices, and expectations about future prices, of oil and natural gas;

the cost of exploring for, developing, producing and delivering oil and natural gas;

the level of drilling activity and drilling day rates;

the expected decline rates of current and future production;

the discovery rates of new oil and natural gas reserves;

the ability of our customers to access new markets or areas of production or to continue to access current markets;

weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area;

more stringent restrictions in environmental regulation on activities that may impact the environment;

moratoriums on drilling activity resulting in a cessation or disruption of operations;

domestic and worldwide economic conditions;

political instability in oil and natural gas producing countries;

conservation measures and technological advances affecting energy consumption;

the price and availability of alternative fuels; and

merger and divestiture activity among oil and natural gas producers and drilling contractors.

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The oil and natural gas industry historically has experienced significant volatility. For example, since January 1, 2008, the WTI Cushing crude oil spot price has ranged from a low of \$30.52 per Bbl on December 23, 2008 to a high of \$146.30 per Bbl on July 11, 2008. Since January 1, 2008, the Henry Hub natural gas spot price has ranged from a low of \$1.64 per Mcf on September 4, 2009 to a high of \$13.41 per Mcf on July 2, 2008. The Henry Hub natural gas spot price on October 19, 2011 was \$3.59 per MMBtu, while the WTI Cushing crude oil spot price on October 19, 2011 was \$86.11 per barrel.

Any prolonged reduction in the overall level of exploration and development activities, whether resulting from changes in oil and natural gas prices or otherwise, could adversely impact our business in many ways by negatively affecting:

revenues, cash flows, and profitability;

the ability to maintain or increase borrowing capacity;

the ability to obtain additional capital to finance our business and the cost of that capital; and

the ability to attract and retain skilled personnel needed in the event of an upturn in the demand for services.

Our inability to control the inherent risks of acquiring and integrating businesses could disrupt our business, dilute stockholder value and adversely affect our operating results going forward.

We have pursued and intend to continue to pursue strategic acquisitions of complementary assets and businesses in the future, which could distract management from day-to-day tasks. Acquisitions involve numerous risks, including:

unanticipated costs and exposure to unforeseen liabilities;

difficulty in integrating the operations and assets of the acquired businesses;

potential loss of key employees and customers of the acquired company;

potential inability to properly establish and maintain effective internal controls over an acquired company; and

risk of entering markets in which we have limited prior experience.

Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business. In addition, we may incur indebtedness to finance future acquisitions and also may issue equity securities in connection with such acquisitions. Debt service requirements could represent a burden on our results of operations and financial condition and the issuance of additional equity securities could be dilutive to our existing stockholders.

In addition to potential future acquisitions, the ongoing integration of our business in connection with the Combination and the eight acquisitions we have completed since the Combination presents a number of risks that could affect our results of operations. In particular, integrating the businesses from the Combination and our subsequent acquisitions is difficult and involves a number of special risks, including the diversion of

management's attention to the assimilation of the operations, the unpredictability of costs related to the Combination and our subsequent acquisitions and the difficulty of integration of the businesses, products, services,

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technology and employees. The ability to achieve the anticipated benefits of the Combination and each of our other recent acquisitions will depend, in part, upon whether the integration of the various businesses, products, services, technology and employees is accomplished in an efficient and effective manner, and there can be no assurance that this will occur.

The difficulties of such integration may be increased by the geographic breadth of the combined operations and the necessity of integrating and combining different corporate cultures. The inability of management to successfully integrate any one or all of the businesses could have a material adverse effect on our business, operating results and financial condition. Moreover, there can be no assurance that we will be able to gain market share or penetrate new markets successfully or that we will obtain the anticipated or desired benefits of the Combination and our other recent or future acquisitions. Despite management's belief that each of our products, services and operations will provide an increased breadth of services and sufficient critical mass in key operating areas, there can be no assurance that each of the services will gain acceptance by our other business segments or our current customers or that they will enable us to gain market share or penetrate new markets. If we fail to manage these risks successfully, our results of operations could be adversely affected.

Our operating history may not be sufficient for investors to evaluate our business and prospects.

We are a recently combined company with a short combined operating history. In addition, we have completed eight acquisitions since the Combination. These factors may make it more difficult for investors to evaluate our business and prospects and to forecast our future operating results. The historical consolidated financial statements included in this prospectus are based on the separate businesses of FOT, Global Flow, Triton, Allied and Subsea for the periods prior to the Combination. The unaudited pro forma condensed combined financial statements included in this prospectus are based on the separate financial statements of our company and the eight businesses we have acquired prior to the dates of such acquisitions. As a result, the historical and pro forma financial data may not give you an accurate indication of what our actual results would have been if the Combination or the 2011 Acquisitions had been completed at the beginning of the periods presented or of what our future results of operations are likely to be. Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

If we cannot continue operating our manufacturing facilities at current levels, our results of operations could be adversely affected.

We operate a number of manufacturing facilities. The equipment and management systems necessary for such operations may break down, perform poorly or fail, resulting in fluctuations in manufacturing efficiencies. Such fluctuations may affect our ability to deliver products to our customers on a timely basis.

Growing our business organically through the expansion of our existing product lines and facilities subjects us to risks of construction delays and cost overruns.

One of the ways that we grow our businesses is through the construction of new facilities and expansions to our existing facilities. These projects, and any other capital asset construction projects which we may commence, are subject to similar risks of delay or cost overrun inherent in any construction project resulting from numerous factors, including the following:

difficulties or delays in obtaining land;

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shortages of key equipment, materials or skilled labor;

unscheduled delays in the delivery of ordered materials and equipment;

unanticipated cost increases;

weather interferences; and

difficulties in obtaining necessary permits or in meeting permit conditions.

We may be unable to employ a sufficient number of skilled and qualified workers.

The delivery of our products and services requires personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, the supply is limited and the cost to attract and retain qualified personnel has increased over the past few years. For example, we have experienced shortages of drilling rig equipment engineers, software engineers and code welders, which, in some instances, has slowed the productivity of certain of our operations. Furthermore, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If any of these events were to occur, our capacity and profitability could be diminished, our ability to respond quickly to customer demands or strong market conditions may be inhibited and our growth potential could be impaired.

The current pace of spending for drilling rigs and other capital intensive equipment may not be sustainable over time, and our financial results may suffer to the extent they are dependent on sales of such equipment.

In various segments of the energy industry there is significantly increased demand for construction of capital intensive equipment, some of which has a long life once introduced into the industry. This could produce excess supply of equipment for many years, reducing dayrates and undermining the economics for new capital equipment orders. In addition, many oil field products manufacturers have increased manufacturing capacity to accommodate the increased demand for capital intensive equipment. If these levels of activity do not continue, an increased competitive environment for capital equipment could result, which could lead to lower prices and utilization for our customers and a decreased demand for capital equipment products. Similarly, excess manufacturing capacity in our industry could lead to increased competition. Our strategy is to serve a variety of segments and spend cycles, but to the extent our financial results are impacted by capital equipment construction, our results may decline should an excess supply of capital equipment materialize.

Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components may result in increased operating expenses.

Should our current suppliers be unable to provide the necessary raw materials or finished products or otherwise fail to deliver such materials and products timely and in the quantities required, resulting delays in the provision of products or services to customers could have a material adverse effect on our business. In particular, because many of our products are manufactured out of steel, we are particularly susceptible to fluctuations in steel prices. Our results of operations may be adversely affected by our inability to manage the rising costs and availability of raw materials and components used in our products.

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If suppliers cannot provide adequate quantities of materials to meet customers' demands on a timely basis or if the quality of the materials provided does not meet established standards, we may lose customers or experience lower profitability.

Some of our customer contracts require us to compensate customers if we do not meet specified delivery obligations. We expect to rely on numerous suppliers to provide required materials and in many instances these materials must meet certain specifications. Managing a geographically diverse supply base inherently poses significant logistical challenges. Furthermore, the ability of third party suppliers to deliver materials to our specifications may be affected by events beyond our control. As a result, there is a risk that we could experience diminished supplier performance resulting in longer than expected lead times and/or product quality issues. For example, we have in the past experienced issues with the quality of certain forgings used to produce materials that are used in our products. As a result, we were required to seek alternative suppliers for those forgings, which resulted in increased costs and a disruption in our supply chain. We have also been required in certain circumstances to provide better economic terms to some of our suppliers in exchange for their agreement to increase their capacity in order to satisfy our supply needs. The occurrence of any of the foregoing factors could have a negative impact on our ability to deliver products to customers within committed time frames.

We are subject to the risk of supplier concentration.

Certain of our product lines depend on a limited number of third party suppliers and vendors. As a result of this concentration in some of our supply chains, our business and operations could be negatively affected if our key suppliers were to experience significant disruptions affecting the price, quality, availability or timely delivery of their products. For example, we have a limited number of vendors for our bearings product lines. The partial or complete loss of any one of our key suppliers, or a significant adverse change in the relationship with any of these suppliers, through consolidation or otherwise, would limit our ability to manufacture and sell certain of our products.

Our operations and our customers' operations are subject to a variety of governmental laws and regulations that may increase our costs, limit the demand for our products and services or restrict our operations.

Our business and our customers' businesses may be significantly affected by:

federal, state and local and non-U.S. laws and other regulations relating to oilfield operations, worker safety and protection of the environment;

changes in these laws and regulations; and

the level of enforcement of these laws and regulations.

In addition, we depend on the demand for our products and services from the oil and gas industry. This demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry in general. For example, the adoption of laws and regulations curtailing exploration and development drilling for oil and gas for economic or other policy reasons could adversely affect our operations by limiting demand for our products. In addition, some non-U.S. countries may adopt regulations or practices that give advantage to indigenous oil companies in bidding for oil leases, or require indigenous companies to perform oilfield services currently supplied by international service companies. To the extent that such

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companies are not our customers, or we are unable to develop relationships with them, our business may suffer. We cannot determine the extent to which our future operations and earnings may be affected by new legislation, new regulations or changes in existing regulations.

Because of our non-U.S. operations and sales, we are also subject to changes in non-U.S. laws and regulations that may encourage or require hiring of local contractors or require non-U.S. contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If we fail to comply with any applicable law or regulation, our business, results of operations or financial condition may be adversely affected.

If we are unable to accurately predict customer demand or if customers cancel their orders on short notice, we may hold excess or obsolete inventory, which would reduce gross margins. Conversely, insufficient inventory would result in lost revenue opportunities and potentially in loss of market share and damaged customer relationships.

Customers can generally cancel or defer purchase orders on short notice without incurring a significant penalty. As a result, we cannot accurately predict what or how many products such customers will need in the future. Anticipating demand is difficult because our customers face unpredictable demand for their own products and are increasingly focused on cash preservation and tighter inventory management.

Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. For example, we often build certain capital equipment, such as ROVs, before receiving customer orders, and we keep our standardized downhole protection systems and certain of our flow iron products in stock and readily available for delivery on short notice from customers. Our forecasts of customer demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our supplies, such as certain of our standardized valves, require a longer lead time to provide products than our customers demand for delivery of our finished products. If we overestimate customer demand, we may allocate resources to the purchase of material or manufactured products that we may not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations.

The markets in which we operate are highly competitive, and some of our competitors hold substantial market share and have substantially greater resources than we do. We may not be able to compete successfully in this environment and, in particular, against a much larger competitor.

The markets in which we operate are highly competitive and our products and services are subject to competition from significantly larger businesses. One competitor in particular holds substantial market share in our largest product line's market and has substantially greater resources than we do. We have several other competitors that also are large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Some of our competitors may be able to

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respond more quickly to new or emerging technologies and services and changes in customer requirements. In addition, several of our competitors provide a much broader array of services and have a stronger presence in more geographic markets. Our larger competitors may be able to use their size and purchasing power to seek economies of scale and pricing concessions. Furthermore, some of our customers are also our competitors and they may cease buying from us. We also have competitors outside of the United States with lower structural costs due to labor and raw material cost in and around their manufacturing centers.

New competitors also could enter these markets. We consider product quality, performance, price, distribution capabilities and breadth of product offerings to be the primary competitive factors. Competitors may be able to offer more attractive pricing, duplicate strategies, or develop enhancements to products that could offer performance features that are superior to our products. In addition, we may not be able to retain key employees of entities that we acquire in the future and those employees may choose to compete against us. Competitive pressures, including those described above, and other factors could adversely affect our competitive position, resulting in a loss of market share or decreases in prices. In addition, some competitors are based in foreign countries and have cost structures and prices based on foreign currencies. Accordingly, currency fluctuations could cause U.S. dollar-priced products to be less competitive than our competitors' products that are priced in other currencies. For more information about our competitors, please read *Business Competition*.

Our products are used in operations that are subject to potential hazards inherent in the oil and gas industry and, as a result, we are exposed to potential liabilities that may affect our financial condition and reputation.

Our products are used in potentially hazardous drilling, completion and production applications in the oil and gas industry where an accident or a failure of a product can potentially have catastrophic consequences. Risks inherent to these applications, such as equipment malfunctions and failures, equipment misuse and defects, explosions, blowouts and uncontrollable flows of oil, natural gas or well fluids and natural disasters, on land or in deepwater or shallow-water environments, can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, surface water and drinking water resources, equipment and the environment. In addition, we provide certain services that could cause, contribute to or be implicated in these events. If our products or services fail to meet specifications or are involved in accidents or failures, we could face warranty, contract or other litigation claims, which could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and gas production, pollution and other environmental damages. Our insurance policies may not be adequate to cover all liabilities. Further, insurance may not be generally available in the future or, if available, insurance premiums may make such insurance commercially unjustifiable. Moreover, even if we are successful in defending a claim, it could be time-consuming and costly to defend.

In addition, the frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our safety record as unacceptable, which could cause us to lose customers and substantial revenues. In addition, these risks may be greater for us because we may acquire companies that have not allocated significant resources and management focus to safety and have a poor safety record requiring rehabilitative efforts during the integration process.

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Our operations are subject to environmental and operational safety laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations, or otherwise relating to human health and environmental protection. These laws and regulations may, among other things, regulate the management and disposal of hazardous and non-hazardous wastes; require acquisition of environmental permits related to our operations; restrict the types, quantities, and concentrations of various materials that can be released into the environment; limit or prohibit operational activities in certain ecologically sensitive and other protected areas; regulate specific health and safety criteria addressing worker protection; require compliance with operational and equipment standards; impose testing, reporting and record-keeping requirements; and require remedial measures to mitigate pollution from former and ongoing operations. Failure to comply with these laws and regulations or to obtain or comply with permits may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements and the imposition of injunctions to prohibit certain activities or force future compliance. Certain environmental laws may impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment.

The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact the environment. The implementation of new laws and regulations could result in materially increased costs, stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, particularly for our customers.

Our executive officers and certain key personnel are critical to our business and these officers and key personnel may not remain with us in the future.

Our future success depends in substantial part on our ability to hire and retain our executive officers and other key personnel. In particular, we are highly dependent on certain of our executive officers, including our President, Chief Executive Officer and Chairman, C. Christopher Gaut, and the Presidents of each of our divisions, Charles E. Jones and Wendell R. Brooks. These individuals possess extensive expertise, talent and leadership, and they are critical to our success. The diminution or loss of the services of these individuals, or other integral key personnel affiliated with entities that we acquire in the future, could have a material adverse effect on our business. Furthermore, we may not be able to enforce all of the provisions in any employment agreement we have entered into with certain of our executive officers and such employment agreements may not otherwise be effective in retaining such individuals. In addition, we may not be able to retain key employees of entities that we acquire in the future. This may impact our ability to successfully integrate or operate the assets we acquire.

The industry in which we operate is undergoing continuing consolidation that may impact results of operations.

Some of our largest customers have consolidated and are using their size and purchasing power to achieve economies of scale and pricing concessions. This consolidation may result in reduced capital spending by such customers or the acquisition of one or more of our other primary customers, which may lead to decreased demand for our products and services. If we cannot maintain sales levels for customers that have consolidated or replace such revenues with

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increased business activities from other customers, this consolidation activity could have a significant negative impact on results of operations or financial condition. We are unable to predict what effect consolidations in the industries may have on prices, capital spending by customers, selling strategies, competitive position, ability to retain customers or ability to negotiate favorable agreements with customers.

If we are unable to continue operating successfully overseas or to successfully expand into new international markets, our revenues may decrease.

For the year ended December 31, 2010, we derived approximately 43% of our pro forma revenue from sales outside the United States (based on product destination). In addition, one of our key growth strategies is to market products in international markets. We may not succeed in marketing, developing a recognized brand, selling, distributing products and generating revenues in these new international markets.

Our non-U.S. operations will subject us to special risks.

For the year ended December 31, 2010, we derived approximately 43% of our pro forma revenue from sales outside of the United States (based on product destination), primarily from Canada, the United Kingdom and Singapore. Additionally, as of December 31, 2010, approximately 47% of our total long-lived assets resided outside of the United States, primarily in Canada and the United Kingdom. We are subject to the various risks inherent in conducting business operations in locations outside of the United States. These risks may include changes in regional, political or economic conditions, local laws and policies, including taxes, trade protection measures, and unexpected changes in regulatory requirements governing the operations of companies that operate outside of the United States. In addition, if a dispute arises from international operations, courts outside of the United States may have exclusive jurisdiction over the dispute, or we may not be able to subject persons outside of the United States to the jurisdiction of U.S. courts.

Our exposure to currency exchange rate fluctuations may result in fluctuations in our cash flows and could have an adverse effect on our results of operations.

From time to time, fluctuations in currency exchange rates could be material to us depending upon, among other things, our manufacturing locations and the sourcing for our raw materials and components. In particular, we are sensitive to fluctuations in currency exchange rates between the United States dollar and each of the Canadian dollar, the British pound sterling, and, to a lesser degree, the Mexican Peso, the Euro, the Chinese Yuan and the Singapore dollar. There may be instances in which costs and revenue will not be matched with respect to currency denomination. As a result, to the extent that we continue our expansion on a global basis, management expects that increasing portions of revenue, costs, assets and liabilities will be subject to fluctuations in foreign currency valuations. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. Further, the markets in which we operate could restrict the removal or conversion of the local or foreign currency, resulting in our inability to hedge against these risks.

Our business operations in countries outside of the United States are subject to a number of U.S. federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act as well as trade sanctions administered by the Office of Foreign Assets Control and the Commerce Department.

Local laws and customs in many countries differ significantly from those in the United States. In many countries, particularly in those with developing economies, it is common to engage in

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business practices that are prohibited by U.S. regulations applicable to us. The United States Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions, including the UK Bribery Act 2010, prohibit corporations and individuals, including us and our employees, from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We are responsible for any violations by our employees, contractors and agents, whether based within or outside of the United States, for violations of the FCPA. In addition, our non-U.S. competitors that are not subject to the FCPA or similar laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us. The UK Bribery Act 2010 is broader in scope than the FCPA and applies to public and private sector corruption and contains no facilitating payments exception. A violation of any of these laws, even if prohibited by our policies, could have a material adverse effect on our business. Actual or alleged violations could damage our reputation, be expensive to defend, and impair our ability to do business.

Compliance with U.S. regulations on trade sanctions and embargoes administered by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) also pose a risk to us. We cannot provide products or services to certain countries subject to U.S. trade sanctions. Furthermore, the laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. Any failure to comply with applicable legal and regulatory trading obligations could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges.

Unionization efforts and labor regulations in certain areas in which we operate could materially increase our costs or limit our flexibility.

We are not a party to any collective bargaining agreements, other than in our Monterrey, Mexico facility. We operate in certain states within the United States and in international areas that have a history of unionization and we may become the subject of a unionization campaign. If some or all of our workforce were to become unionized and collective bargaining agreement terms, including any renegotiation of our Monterrey, Mexico collective bargaining agreement, were significantly different from our current compensation arrangements or work practices, our costs could be increased, our flexibility in terms of work schedules and reductions in force could be limited, and we could be subject to strikes or work slowdowns among other things.

We may incur liabilities to customers as a result of warranty claims.

We provide warranties as to the proper operation and conformance to specifications of the products we manufacture or install. Failure of our products to operate properly or to meet specifications may increase costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. We have in the past received warranty claims, and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, ability to obtain future business and earnings could be adversely affected.

We are subject to litigation risks that may not be covered by insurance.

In the ordinary course of business, we become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals

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alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. Our insurance does not cover all of our potential losses, and we are subject to various self-insured retentions and deductibles under our insurance. A judgment may be rendered against us in cases in which we could be uninsured or beyond the amounts that we currently have reserved or anticipate incurring for such matters.

The number and cost of our current and future asbestos claims could be substantially higher than we have estimated and the timing of payment of claims could be sooner than we have estimated.

One of our subsidiaries has been and continues to be named as a defendant in asbestos related product liability actions. The actual amounts expended on asbestos-related claims in any year may be impacted by the number of claims filed, the volume of pre-trial proceedings, and the number of trials and settlements. As of December 31, 2010, our subsidiary had a recorded liability of \$250,000 net of anticipated insurance recoveries of \$750,000, for the estimated indemnity cost associated with the resolution of its current open claims and future claims anticipated to be filed during the next five years.

Due to a number of uncertainties that may result in significant changes in the current estimate, the actual costs of resolving these pending claims could be substantially higher than the current estimate. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims and potential legislative changes and uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case. In addition, future claims beyond the five-year forecast period are possible, but the accrual does not cover losses that may arise from such additional future claims and, therefore, we have not accrued a liability for such additional future claims.

Significant costs are incurred in defending asbestos claims and these costs are recorded at the time incurred. Receipt of reimbursement from our insurers may be delayed for a variety of reasons. In particular, if our primary insurer claims that certain policy limits have been exhausted, we may be delayed in receiving reimbursement as a result of the transition from one set of insurers to another. The excess insurer may also dispute the claim of exhaustion, or may rely on certain policy requirements to delay or deny claims. Furthermore, the various per occurrence and aggregate limits in different insurance policies may result in extended negotiations or the denial of reimbursement for particular claims. For more information on the cost sharing agreements related to this risk, please read Business Legal proceedings.

Our senior secured credit facility contains certain covenants that may inhibit our ability to make certain investments, incur additional indebtedness and engage in certain other transactions, which could adversely affect our ability to meet our goals.

The credit agreement governing our senior secured credit facility contains various covenants that, among other things, limit our ability to grant certain liens, make certain loans and investments, make distributions, enter into mergers or acquisitions unless certain conditions are satisfied, enter into hedging transactions, change our lines of business, prepay certain indebtedness, enter into certain affiliate transactions or engage in certain asset dispositions. Additionally, the credit agreement governing our senior secured credit facility limits our ability to incur additional indebtedness with certain exceptions.

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The credit agreement governing our senior secured credit facility also contains financial covenants, which, among other things, require us, on a consolidated basis, to maintain specified financial ratios or conditions summarized as follows:

Total funded debt to EBITDA (defined as the Leverage Ratio in the credit agreement) of not more than 3.75 to 1.0 for fiscal quarters ending through December 31, 2012, 3.50 to 1.0 for fiscal quarters ending from January 1, 2013 through December 31, 2013, 3.25 to 1.0 for fiscal quarters ending from January 1, 2014 through December 31, 2014, and 3.00 to 1.0 for fiscal quarters ending thereafter (provided, that following any senior, unsecured high yield issuance by our company, the maximum Leverage Ratio test will be 4.00 to 1.00 for each fiscal quarter after such issuance);

EBITDA to interest expense (defined as the Interest Coverage Ratio in the credit agreement) of not less than 3.0 to 1.0; and

Following any senior, unsecured high yield note issuance by our company, total secured funded debt to EBITDA (defined as the Senior Secured Leverage Ratio in the credit agreement) of not more than 2.50 to 1.00.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A failure to comply with the covenants, ratios or tests in our senior secured credit facility or other covenants of our indebtedness could result in an event of default under our senior secured credit facility or other indebtedness, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations.

Our indebtedness could restrict our operations and make us more vulnerable to adverse economic conditions.

As of October 19, 2011, we had approximately \$674 million of borrowings under our senior secured credit facility, \$5 million of outstanding letters of credit and capacity to borrow an additional \$200 million under the revolving portion of our senior secured credit facility. Our level of indebtedness may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on our indebtedness as such payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

our indebtedness may increase our vulnerability to general adverse economic and industry conditions;

the covenants contained in the agreements that govern our indebtedness limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;

our debt covenants also affect our flexibility in planning for, and reacting to, changes in the economy and in its industry;

any failure to comply with the financial or other covenants of our indebtedness could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;

our indebtedness could impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and

our business may not generate sufficient cash flows from operations to enable us to meet our obligations under our indebtedness.

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If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls over financial processes and reporting are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully. Our efforts to continue to develop and maintain internal controls may not be successful and we may be unable to maintain adequate controls in the future. In addition, the entities that we acquire in the future may not maintain effective systems of internal controls or we may encounter difficulties integrating our system of internal controls with those of acquired entities. If we are unable to maintain effective internal controls and, as a result, provide reliable financial reports and effectively prevent fraud, our reputation and operating results would be harmed.

We may be impacted by disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we are expected to conduct business.

Instability and unforeseen changes in the international markets in which we conduct business, including economically and politically volatile areas such as North Africa, the Middle East, Latin America and the Asia Pacific region, could cause or contribute to factors that could have an adverse effect on the demand for the products and services we provide. For example, we have previously transferred management and operations from certain Latin American countries, due to the presence of political turmoil, to other countries in the region that are more politically stable.

In addition, worldwide political, economic, and military events have contributed to oil and natural gas price volatility and are likely to continue to do so in the future. Depending on the market prices of oil and natural gas, oil and natural gas exploration and development companies may cancel or curtail their drilling programs, thereby reducing demand for our products and services.

Climate change legislation or regulations restricting emissions of greenhouse gases could increase our operating costs or reduce demand for our products.

Environmental advocacy groups and regulatory agencies in the United States and other countries have focused considerable attention on the emissions of carbon dioxide, methane and other greenhouse gases and their potential role in climate change. The U.S. Environmental Protection Agency (the EPA) has already begun to regulate greenhouse gas emissions under the federal Clean Air Act. The adoption of additional legislation or regulatory programs to reduce emissions of greenhouse gases could require us to incur increased operating costs to comply with new emissions-reduction or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, hydrocarbons that our customers produce. Consequently, legislation and regulatory programs to reduce emissions of greenhouse gases could have an adverse effect on our business, financial condition and results of operations. Finally, some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events.

Adverse weather conditions adversely affect demand for services and operations.

Adverse weather conditions, such as hurricanes, tornadoes, ice or snow, may damage or destroy our facilities, interrupt or curtail our operations, or our customers' operations, cause supply disruptions and result in a loss of revenue, which may or may not be insured. For example, certain of our facilities located in Oklahoma and Pennsylvania have experienced suspensions in operations due to tornado activity or extreme cold weather conditions.

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A natural disaster, catastrophe or other event could result in severe property damage, which could curtail our operations.

Some of our operations involve risks of, among other things, property damage, which could curtail our operations. For example, disruptions in operations or damage to a manufacturing plant could reduce our ability to produce products and satisfy customer demand. In particular, we have offices and manufacturing facilities in Houston, Texas, and in various places throughout the Gulf Coast region of the United States. These offices and facilities are particularly susceptible to severe tropical storms and hurricanes, which may disrupt our operations. If one or more manufacturing facilities we own are damaged by severe weather or any other disaster, accident, catastrophe or event, our operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that provide supplies or other raw materials to our plants or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to, among other things, property and repairs might take from a week or less for a minor incident to many months or more for a major interruption.

Potential legislation or regulations restricting the use of hydraulic fracturing could reduce demand for our products.

Hydraulic fracturing is an important and common practice in the oil and gas industry, which involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production of hydrocarbons. Certain environmental advocacy groups have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and drinking water resources. The EPA has already begun to regulate certain hydraulic fracturing operations involving diesel under the auspices of the Underground Injection Control program under the federal Safe Drinking Water Act. Legislation has been proposed at the federal, state and local levels to restrict or further regulate certain hydraulic fracturing activities, and the EPA is conducting a study to determine if additional regulation of hydraulic fracturing is warranted. The adoption of legislation or regulatory programs that restrict hydraulic fracturing could adversely affect, reduce or delay well drilling and completion activities, increase the cost of drilling and production, and thereby reduce demand for our products and services.

Our financial results could be adversely impacted by the Macondo well incident and the resulting changes in regulation of offshore oil and natural gas exploration and development activity.

The United States Department of the Interior has issued Notices to Lessees and Operators (NTLs), implemented additional safety and certification requirements applicable to drilling activities in the U.S. Gulf of Mexico, imposed additional requirements with respect to exploration, development and production activities in U.S. waters and delayed the approval of drilling plans and well permits in both deepwater and shallow-water areas. The delays caused by new regulations and requirements have and will continue to have an overall negative effect on Gulf of Mexico drilling activity, and to a certain extent, our financial results.

The Macondo well incident and resulting moratorium on drilling has caused offshore drilling delays, increased federal regulation of offshore drilling, and could result in increased state, international and additional federal regulation of our and our customers' operations that could

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negatively impact our earnings, prospects and the availability and cost of insurance coverage. There have been a variety of proposals to change existing laws and regulations that could affect offshore development and production, including proposals to significantly increase the minimum financial responsibility demonstration required under the federal Oil Pollution Act of 1990. Any increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident or otherwise could result in fewer companies being financially qualified to operate offshore in the United States, result in higher operating costs for our customers and reduce demand for our products and services. Additionally, a similar incident in another region could result in increased regulation in that market or in other offshore markets and could have a similar effect.

Our success depends on our ability to implement new technologies and services.

Our success depends on the ongoing development and implementation of new product designs and improvements, and on our ability to protect and maintain critical intellectual property assets related to these developments. If we are not able to obtain patent or other intellectual property protection of our technology, we may not be able to recoup development costs or fully exploit systems, services and technologies in a manner that allows us to meet evolving industry requirements at prices acceptable to our customers. In addition, some of our competitors are large national and multinational companies that may be able to devote greater financial, technical, manufacturing and marketing resources to research and development of new systems, services and technologies than we are able to do.

Our success will be affected by the use and protection of our proprietary technology. There are limitations to our intellectual property rights in our proprietary technology, and thus our right to exclude others from the use of such proprietary technology.

Our success will be affected by our development and implementation of new product designs and improvements and by our ability to protect and maintain critical intellectual property assets related to these developments. Although in many cases our products are not protected by any registered intellectual property rights, we rely on a combination of patents and trade secret laws to establish and protect this proprietary technology.

We currently hold multiple U.S. and international patents and have multiple pending patent applications, for products and processes. Patent rights give the owner of a patent the right to exclude third parties from making, using, selling, and offering for sale the inventions claimed in the patents in the applicable country. Patent rights do not necessarily grant the owner of a patent the right to practice the invention claimed in a patent, but merely the right to exclude others from practicing the invention claimed in the patent. It may also be possible for a third party to design around our patents. Furthermore, patent rights have strict territorial limits. Some of our work will be conducted in international waters and would, therefore, not fall within the scope of any country's patent jurisdiction. We may not be able to enforce our patents against infringement occurring in international waters and other non-covered territories. Also, we do not have patents in every jurisdiction in which we conduct business and our patent portfolio will not protect all aspects of our business and may relate to obsolete or unusual methods, which would not prevent third parties from entering the same market.

In addition, by customarily entering into confidentiality and/or license agreements with our employees, customers and potential customers and suppliers, we attempt to limit access to and distribution of our technology. Our rights in our confidential information, trade secrets, and

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confidential know-how will not prevent third parties from independently developing similar information. Publicly available information (e.g. information in expired issued patents, published patent applications, and scientific literature) can also be used by third parties to independently develop technology. We cannot provide assurance that this independently developed technology will not be equivalent or superior to our proprietary technology.

Our competitors may infringe upon, misappropriate, violate or challenge the validity or enforceability of our intellectual property and we may not be able to adequately protect or enforce our intellectual property rights in the future.

We may be adversely affected by disputes regarding intellectual property rights and the value of our intellectual property rights is uncertain.

As discussed above, we may become involved in legal proceedings from time to time to protect and enforce our intellectual property rights. Third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any such legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. Any legal proceeding concerning intellectual property could be protracted and costly and is inherently unpredictable and could have a material adverse effect on our business, regardless of its outcome. Further, our intellectual property rights may not have the value that management believes them to have and such value may change over time as we and others develop new product designs and improvements.

In the past we have incurred certain impairment charges. We may incur additional impairment charges in future years.

We evaluate our long-lived assets, including property and equipment, for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. In performing our review for impairment, future cash flows expected to result from the use of the asset and its eventual value upon disposal are estimated. If the undiscounted future cash flows are less than the carrying amount of the assets, the asset is impaired. The amount of the impairment is measured as the difference between the carrying value and the estimated fair value of the asset. The fair value is determined either through the use of an external valuation, or by means of an analysis of discounted future cash flows based on expected utilization. The impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value.

For goodwill and intangible assets with indefinite lives, an assessment for impairment is performed annually or whenever an event indicating impairment may have occurred. Goodwill is reviewed for impairment by comparing the carrying value of each reporting unit's net assets, including allocated goodwill, to the estimated fair value of the reporting unit. We have four reporting units. We determine the fair value of our reporting units using a discounted cash flow approach. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. If the reporting unit's carrying value is greater than its fair value, a second step is performed whereby the implied fair value of goodwill is estimated by allocating the fair value of the reporting unit in a hypothetical purchase price allocation analysis. We recognize a goodwill impairment charge for the amount by which the carrying value of goodwill exceeds its reassessed fair value. For the year ended December 31, 2010, no impairment

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loss was recorded, but for the years ended December 31, 2008 and 2009, we recorded impairment charges of \$44.0 million and \$7.0 million, respectively.

If we determine that the carrying value of our long-lived asset, goodwill or intangible assets is less than their fair value, we may be required to record additional charges in the future.

Risks related to our common stock

The initial public offering price of our common stock may not be indicative of the market price of our common stock after this offering. In addition, an active liquid trading market for our common stock may not develop and our common stock price may be volatile.

Prior to this offering, our common stock was not traded on any market. An active and liquid trading market for our common stock may not develop or be maintained after this offering. Liquid and active trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The initial public offering price will be negotiated between us and representatives of the underwriters, based on numerous factors which we discuss in the Underwriting (conflicts of interest) section of this prospectus, and may not be indicative of the market price of our common stock after this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price paid by you in the offering.

The following factors could affect our common stock price:

our operating and financial performance;

quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income, EBITDA and revenues;

changes in revenue or earnings estimates or publication of reports by equity research analysts;

speculation in the press or investment community;

sales of our common stock by us or other stockholders, or the perception that such sales may occur;

general market conditions, including fluctuations in commodity prices; and

domestic and international economic, legal and regulatory factors unrelated to our performance.

The trading markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock.

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

As a privately held company, we have not been responsible for the corporate governance and financial reporting practices and policies required of a publicly traded company. As a publicly traded company with listed equity securities we will need to comply with new laws, regulations and requirements, including corporate governance provisions of the Sarbanes-Oxley Act of 2002,

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and rules and regulations of the SEC and the NYSE. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management and will significantly increase our costs and expenses. We will need to:

institute a more comprehensive compliance function;

design, establish, evaluate and maintain a system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board, or PCAOB ;

comply with rules promulgated by the NYSE;

prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;

establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;

involve and retain to a greater degree outside counsel and accountants in the above activities; and

establish an investor relations function.

In addition, we also expect that being a public company subject to these rules and regulations will require us to accept less director and officer liability insurance coverage than we desire or to incur substantial costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our Audit Committee, qualified executive officers and key personnel.

Future sales of our common stock in the public market could lower our stock price, and any additional capital raised by us through the sale of equity may dilute your ownership in us.

We may sell additional shares of common stock in subsequent public offerings. After the completion of this offering, we will have outstanding shares of common stock (assuming the full exercise of the underwriters' over-allotment option). Following the completion of this offering, SCF will own _____ shares, or approximately _____ % of our total outstanding shares (assuming the full exercise of the underwriters' over-allotment option), all of which are subject to a lock-up agreement between SCF and the underwriters described in Underwriting (conflicts of interest), but may be sold into the market in the future. SCF is a party to a registration rights agreement with us which requires us to effect the registration of its shares in certain circumstances no earlier than the expiration of the lock-up period contained in the underwriting agreement entered into in connection with this offering.

As soon as practicable after this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of _____ shares of our common stock issued or reserved for issuance under our stock incentive plan. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under this registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our

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common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

Provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.

The existence of some provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our Company that a stockholder may consider favorable, which could adversely affect the price of our common stock. The provisions in our amended and restated certificate of incorporation and amended and restated bylaws that could delay or prevent an unsolicited change in control of our Company include board authority to issue preferred stock without stockholder approval, advance notice provisions for director nominations or business to be considered at a stockholder meeting and similar provisions. These provisions may also discourage acquisition proposals, which could harm our stock price.

Purchasers of common stock will experience immediate and substantial dilution.

Assuming an initial public offering price of \$ _____ per share (the mid-point of the price range set forth on the cover page of this prospectus), purchasers of our common stock in this offering will experience an immediate and substantial dilution of \$ _____ per share in the net tangible book value per share of common stock from the initial public offering price, and our pro forma net tangible book value as of June 30, 2011, after giving effect to this offering, would be \$ _____ per share. You will incur further dilution if outstanding options to purchase common stock are exercised. In addition, our certificate of incorporation allows us to issue significant numbers of additional shares, including shares that may be issued under our long-term incentive plans. Please read **Dilution** for a complete description of the calculation of net tangible book value.

We have no current intention to pay future dividends.

We do not currently anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. In addition, our senior secured credit facility prohibits us from paying cash dividends prior to January 1, 2012, and also restricts us from paying any dividend after such date unless all the following conditions are met: (i) no default exists under our senior secured credit facility or would result from the payment of such dividends; (ii) after giving effect to the payment of such dividends, we have a pro forma leverage ratio that is less than or equal to 2.50 to 1.0 and the borrowing availability under our senior secured credit facility is at least \$40 million; (iii) the aggregate amount of cash dividends and other Restricted Payments (as defined in the credit agreement) paid in any fiscal quarter does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters; and (iv) the aggregate amount of cash dividends and other Restricted Payments paid in any four consecutive fiscal quarters does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters. Please read **Dividend policy**.

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

Because SCF will own a majority of our outstanding common stock following the completion of this offering, we will be a controlled company as that term is set forth in Section 303A of the NYSE Listed Company Manual. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including:

the requirement that a majority of its board of directors consist of independent directors;

the requirement that its nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

the requirement that its compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. Following this offering and so long as SCF owns a majority of our outstanding common stock, we have the option to utilize these exemptions. Accordingly, should we choose to utilize such exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. SCF's significant ownership interest could adversely affect investors' perceptions of our corporate governance.

Risks related to our relationship with SCF

L.E. Simmons & Associates, Incorporated (LESA), through SCF, will control the outcome of stockholder voting and may exercise this voting power in a manner adverse to you.

After the offering, SCF will hold approximately _____ shares of our common stock (or _____% of the outstanding common stock if the over-allotment option is exercised in full). LESA is the ultimate general partner of SCF and will be in a position to control the outcome of most matters requiring a stockholder vote, including the election of directors, adoption of amendments to our charter and bylaws and approval of transactions involving a change of control. LESA's interests may differ from yours, and SCF may vote its common stock in a manner that may adversely affect you.

Certain of our directors may have conflicts of interest because they are also directors or officers of SCF. The resolution of these conflicts of interest may not be in our or your best interests.

Certain of our directors, namely David C. Baldwin and Andrew L. Waite, are currently officers of LESA. In addition, a trust in which the children of our Chief Executive Officer, C. Christopher Gaut, are primary beneficiaries will continue to hold an ownership interest in the general partner of each of SCF-VI, L.P. and SCF-VII, L.P. after the offering. These positions may create conflicts of interest because these directors and Mr. Gaut have an ownership interest in SCF-VI, L.P. and SCF-VII, L.P. and/or responsibilities to SCF and its owners. Duties as directors or officers of LESA may conflict with such individuals' duties as one of our directors or officers regarding business dealings and other matters between SCF and us. The resolution of these conflicts may not always be in our or your best interest. Please read _____ We have renounced any interest in specified

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business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities.

We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities.

Our certificate of incorporation provides that, so long as we have a director or officer who is affiliated with SCF (an SCF Nominee) and for a continuous period of one year thereafter, we renounce any interest or expectancy in any business opportunity in which any member of the SCF group participates or desires or seeks to participate in and that involves any aspect of the energy equipment or services business or industry, other than (i) any business opportunity that is brought to the attention of an SCF Nominee solely in such person's capacity as a director or officer of our Company and with respect to which no other member of the SCF group independently receives notice or otherwise identifies such opportunity and (ii) any business opportunity that is identified by the SCF group solely through the disclosure of information by or on behalf of our Company. We are not prohibited from pursuing any business opportunity with respect to which we have renounced any interest.

SCF has investments in other oilfield service companies that may compete with us, and SCF and its affiliates, other than our Company, may invest in other such companies in the future. We refer to SCF and its other affiliates and its portfolio companies as the SCF group. LESA has an internal policy that restricts it from investing in two or more companies with substantially overlapping industry segments and geographic areas. Pursuant to this policy, LESA may allocate any potential opportunities to the existing portfolio company where LESA determines, in its discretion, such opportunities are the most logical strategic and operational fit. As a result, LESA or its affiliates may become aware, from time to time, of certain business opportunities, such as acquisition opportunities, and may direct such opportunities to its other portfolio companies, in which case we may not become aware of or otherwise have the ability to pursue such opportunities. Furthermore, LESA does not have a specific policy with regard to allocation of financial professionals and they are under no obligation to provide us with financial professionals, other than pursuant to the Secondment Agreement dated as of August 2, 2010 by and among LESA, W. Patrick Connelly and us, which expires on August 2, 2012.

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Cautionary note regarding forward-looking statements

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words could, believe, anticipate, intend, estimate, expect, may, continue, predict, potential, project, and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements about:

business strategy;

cash flows and liquidity;

the volatility of oil and natural gas prices;

our ability to successfully manage our growth, including risks and uncertainties associated with integrating and retaining key employees of the businesses we acquire;

the availability of raw materials and specialized equipment;

availability of skilled and qualified labor;

our ability to accurately predict customer demand;

competition in the oil and gas industry;

governmental regulation and taxation of the oil and natural gas industry;

environmental liabilities;

political and social issues affecting the countries in which we do business;

our ability to deliver our backlog in a timely fashion;

our ability to implement new technologies and services;

availability and terms of capital;

general economic conditions;

benefits of the Combination and our acquisitions;

availability of key management personnel;

operating hazards inherent in our industry;

the continued influence of SCF;

the ability to establish and maintain effective internal controls over financial reporting;

the ability to operate effectively as a public traded company;

financial strategy, budget, projections and operating results;

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uncertainty regarding our future operating results; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical. All forward-looking statements speak only as of the date of this prospectus; we disclaim any obligation to update these statements unless required by law and we caution you not to place undue reliance on them. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under Risk factors and Management's discussion and analysis of financial condition and results of operations and elsewhere in this prospectus. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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Use of proceeds

We will receive net proceeds of approximately \$ million from the sale of the common stock by us, assuming an initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated expenses and underwriting discounts and commissions of approximately \$ million. If the over-allotment option is exercised in full, we estimate that our net proceeds will be approximately \$ million. We will not receive any of the proceeds from any sale of shares of our common stock by the selling stockholders.

We intend to use all of the net proceeds from this offering and any proceeds from any exercise of the underwriters' over-allotment option to repay outstanding borrowings under the revolving portion of our senior secured credit facility. Our senior secured credit facility matures in August 2014 and bore interest at a rate of 2.75% per annum as of October 19, 2011. Our outstanding borrowings under our senior secured credit facility were incurred to fund acquisitions and other capital expenditures. Affiliates of the underwriters are lenders under our senior secured credit facility and, accordingly, will receive a portion of the proceeds of this offering. See Underwriting (conflicts of interest). While we do not currently have any plans to immediately borrow additional amounts under the senior secured credit facility, we may at any time reborrow amounts repaid under the senior secured credit facility to the extent available.

We estimate that the selling stockholders will receive net proceeds of approximately \$ million from the sale of shares of common stock in this offering based upon the assumed initial offering price of \$ per share, after deducting underwriting discounts and commissions. If the underwriters' over-allotment option to purchase additional shares is exercised in full, we estimate that the selling stockholders' net proceeds will be approximately \$ million. We will pay all expenses related to this offering, other than underwriting discounts and commissions related to the shares sold by the selling stockholders.

An increase or decrease in the initial public offering price of \$1.00 per share of common stock would cause the net proceeds that we will receive from the offering, after deducting estimated expenses and underwriting discounts and commissions, to increase or decrease by approximately \$ million or by approximately \$ million if the underwriters' over-allotment option is exercised in full.

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Stock split

Prior to the completion of this offering, we expect the majority of our stockholders to approve, by written consent, an amendment to our certificate of incorporation to effect a stock split on a _____ for _____ basis. The stock split is expected to be effected simultaneously for all our then-existing common stock and the exchange ratio will be the same for all of our shares of issued and outstanding common stock. The stock split will affect all of our stockholders uniformly and will not affect any stockholder's percentage ownership interests in us. Shares of common stock issued pursuant to the stock split will remain fully paid and nonassessable.

Dividend policy

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. In addition, our senior secured credit facility prohibits us from paying any cash dividends prior to January 1, 2012, but after such date cash dividends may be paid if all the following conditions are met: (i) no default exists under our senior secured credit facility or would result from the payment of such dividends, (ii) after giving effect to the payment of such dividends, we have a pro forma leverage ratio that is less than or equal to 2.50 to 1.0 and the borrowing availability under our senior secured credit facility is at least \$40 million, (iii) the aggregate amount of cash dividends and other Restricted Payments (as defined in the credit agreement) paid in any fiscal quarter does not exceed 50% of our consolidated EBITDA (as defined in the credit agreement) for the prior four fiscal quarters and (iv) the aggregate amount of cash dividends and other Restricted Payments paid in any four consecutive fiscal quarters does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters.

Table of Contents**Index to Financial Statements****Capitalization**

The following table sets forth our capitalization as of June 30, 2011:

on an actual basis;

on a pro forma basis to give effect to the five acquisitions completed subsequent to June 30, 2011 (the Cannon Acquisition, the SVP Acquisition, the AMC Acquisition, the P-Quip Acquisition and the Davis-Lynch Acquisition); and

on a pro forma, as adjusted basis to give effect to the acquisitions described in the preceding bullet, this offering and the application of the net proceeds as set forth under Use of proceeds.

You should read the following table in conjunction with Use of proceeds, Unaudited pro forma condensed combined financial data, Selected historical consolidated financial data, Management's discussion and analysis of financial condition and results of operations and our historical consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

	Actual	Pro forma	As of June 30, 2011 Pro forma, as adjusted (in thousands)
Cash and cash equivalents(1)	\$ 66,137	\$ 76,881	\$
Long-term debt, including current maturities:			
Senior secured credit facility(1)(2)	\$ 279,615	\$ 732,505	\$
Other long-term debt	53	53	
Total long-term debt	279,668	732,558	
Stockholders' equity:			
Common stock, \$0.01 par value; _____ shares authorized (actual, pro forma for anticipated _____ for _____ stock split); shares issued and outstanding (as adjusted)	18	18	
Additional paid-in capital(1)	397,411	416,467	
Warrants	27,097	27,097	
Retained earnings	176,906	176,906	
Treasury stock	(25,877)	(25,877)	
Accumulated other comprehensive loss	(3,884)	(3,884)	
Total stockholders' equity(1)	571,671	590,727	
Total capitalization(1)	\$ 851,339	\$ 1,323,285	\$

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- (1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease the amount of borrowings outstanding under our senior secured credit facility, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

- (2) Effective August 2, 2010, we entered into a senior secured revolving credit facility with an initial commitment of \$450 million. In July 2011, we amended our revolving credit facility to, among other things, increase the commitment to \$750 million. On October 4, 2011, we amended and restated the credit agreement governing our revolving credit facility to, among other things, convert \$300 million of indebtedness thereunder to a term loan and decrease the revolving commitment thereunder to \$600 million. As of October 19, 2011, we had \$374 million of indebtedness outstanding under the revolving portion of our senior secured credit facility and \$5 million of outstanding letters of credit.

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Dilution

Purchasers of the common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the common stock for accounting purposes. Our net tangible book value as of June 30, 2011, after giving pro forma effect to the transactions described under Stock split, was approximately \$ million, or \$ per share of common stock. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of outstanding shares of common stock that will be outstanding immediately prior to the closing of this offering. After giving effect to our anticipated stock split and the sale of the shares in this offering and assuming the receipt of the estimated net proceeds (after deducting estimated discounts and expenses of this offering), our adjusted pro forma net tangible book value as of June 30, 2011 would have been approximately \$ million, or \$ per share. This represents an immediate increase in the net tangible book value of \$ per share to our existing stockholders and an immediate dilution (i.e., the difference between the offering price and the adjusted pro forma net tangible book value after this offering) to new investors purchasing shares in this offering of \$ per share. The following table illustrates the per share dilution to new investors purchasing shares in this offering:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of June 30, 2011 (after giving effect to our stock split)	
Increase per share attributable to new investors in this offering	
As adjusted pro forma net tangible book value per share after giving effect to our stock split and this offering	
Dilution in pro forma net tangible book value per share to new investors in this offering	\$

The following table summarizes, on an adjusted pro forma basis as of June 30, 2011, the total number of shares of common stock owned by existing stockholders and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at \$, the midpoint of the range of the initial public offering prices set forth on the cover page of this prospectus, calculated before deduction of estimated discounts and commissions:

	Shares acquired		Total consideration		Average price
	Number	Percent	Amount	Percent	per share
Existing stockholders(1)		%	\$	%	\$
New investors					
Total		%	\$	%	\$

(1) The number of shares disclosed for the existing stockholders includes shares being sold by the selling stockholders in this offering. The number of shares disclosed for the new investors does not include the shares being purchased by the new investors from the selling stockholders in this offering. Assuming the underwriters over-allotment option is exercised in full, sales by us in this offering will reduce the percentage of shares held by existing stockholders to % and will increase the number of shares held by new investors to , or % on an adjusted pro forma basis as of June 30, 2011.

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A \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease our as adjusted pro forma net tangible book value as of June 30, 2011 by approximately \$ million, the as adjusted pro forma net tangible book value per share after this offering by \$ per share and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by \$ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Table of Contents**Index to Financial Statements****Unaudited pro forma condensed combined financial data**

We have completed the following acquisitions since the Combination in August 2010:

Name of acquisition	Date completed
Wood Flowline Products, LLC	February 4, 2011
Phoinix Global LLC	April 29, 2011
Specialist ROV Tooling Services, Ltd.	May 16, 2011
Cannon Services LP	July 1, 2011
SVP Products Inc.	July 1, 2011
AMC Global Group Ltd.	July 1, 2011
P-Quip Ltd.	July 5, 2011
Davis-Lynch LLC	July 29, 2011

The unaudited pro forma condensed combined statement of income for the year ended December 31, 2010 gives effect to the eight acquisitions completed in 2011 as if each had occurred on January 1, 2010. Under the rules and regulations of the SEC, the Davis-Lynch Acquisition was individually significant and the Wood Flowline Acquisition, the Phoinix Acquisition, the Specialist Acquisition, the Cannon Acquisition, the SVP Acquisition, the AMC Acquisition and the P-Quip Acquisition were each individually insignificant but, in the aggregate, are significant. Regulation S-X requires the presentation of audited financials for any significant acquisitions and for a substantial majority of the individually insignificant acquisitions when acquired businesses are individually insignificant, but significant in the aggregate. The unaudited pro forma condensed combined financial data has been prepared from our historical consolidated financial statements and related notes, the audited financials statements of Davis-Lynch, Wood Flowline, AMC Global, P-Quip and Cannon Services and the unaudited interim financial statements of Davis-Lynch and Cannon Services, each as included elsewhere in this prospectus, and the unaudited financial statements of Wood Flowline, AMC Global, P-Quip, Phoinix, Specialist and SVP not included in this prospectus.

The pro forma financial data for the year ended December 31, 2010 also gives effect to the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of proceeds," in each case as if each such transaction had occurred on January 1, 2010. The pro forma condensed combined financial data for the six months ended June 30, 2011 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of proceeds," in each case as if each such transaction had occurred on January 1, 2010. The pro forma balance sheet as of June 30, 2011 gives effect to the Cannon Acquisition, the SVP Acquisition, the AMC Acquisition, the P-Quip Acquisition and the Davis-Lynch Acquisition, each completed in July 2011, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of proceeds," in each case as if each such transaction had occurred on June 30, 2011.

The unaudited pro forma condensed combined financial data included in this prospectus is not intended to represent what our financial position is or results of operations would have been if the acquisitions had occurred on any particular date or to project our results of operations for any future period. Since the Company and each of the acquired businesses were not under common control or management for some of or any period presented, the unaudited pro forma condensed combined financial results may not be comparable to, or indicative of, future performance.

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The unaudited pro forma condensed combined statements of operations included herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to these rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

The unaudited pro forma condensed combined financial data does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the acquisition, the costs to combine our operations and the acquisitions or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

You should read the following tables in conjunction with the historical financial statements and related notes thereto appearing elsewhere in this prospectus.

Table of ContentsIndex to Financial Statements**Pro forma condensed combined statement of income****Year ended December 31, 2010**

	Forum	Acquisitions(a)	Pro forma	Offering adjustments(c) (In thousands, except per share data)	Pro forma, as adjusted (Unaudited)
Net sales	\$ 747,335	\$ 208,114	\$ 955,449	\$	\$ 955,449
Costs of sales	533,078	103,982	637,060		637,060
Gross profit	214,257	104,132	318,389		318,389
Selling, general and administrative expenses	141,441	45,474	186,915		186,915
Contingent consideration					
Transaction expenses					
(Gain) Loss on sale of assets	(461)		(461)		(461)
Operating income	73,277	58,658	131,935		131,935
Interest expense, net	18,189	26,214	44,403	(12,834)	31,569
Expenses related to the Combination	6,968		6,968		6,968
Deferred loan costs written off	6,082		6,082		6,082
Other (income), net	(2,308)	(178)	(2,486)		(2,486)
Income before income taxes	44,346	32,622	76,968	12,834	89,802
Income tax expense	20,297	10,536	30,833	4,492	35,325
Net income	\$ 24,049	\$ 22,086	\$ 46,135	\$ 8,342	\$ 54,477
Less: Income attributable to noncontrolling interests	(111)		(111)		(111)
Net income attributable to common stockholders	\$ 23,938	\$ 22,086	\$ 46,024	\$ 8,342	\$ 54,366
Earnings per share:					
Basic	\$ 16.46				
Diluted	\$ 16.31				
Weighted average shares:					
Basic	1,454				
Diluted	1,468				

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	Forum	Acquisitions(b)	Pro forma	Offering adjustments(c) (In thousands, except per share data)	Pro forma, as adjusted (Unaudited)
Net Sales	\$ 460,506	\$ 110,002	\$ 570,508		\$ 570,508
Costs of sales	324,517	48,023	372,540		372,540
Gross profit	135,989	61,979	197,968		197,968
Selling, general and administrative expenses	78,880	21,593	100,473		100,473
Contingent consideration	5,800		5,800		5,800
Transaction expenses	2,616	(2,616)			
(Gain) Loss on sale of assets	(420)		(420)		(420)
Income from operations	49,113	43,002	92,115		92,115
Interest expense, net	7,689	12,170	19,859	(7,115)	12,744
Other, net	751	(275)	476		476
Income before income taxes	40,673	31,107	71,780	7,115	78,895
Income tax expense	14,383	10,162	24,545	2,490	27,035
Net income	26,290	20,945	47,235	4,625	51,860
Less: Income attributable to noncontrolling interests	(187)		(187)		(187)
Net income attributable to common stockholders	\$ 26,103	\$ 20,945	\$ 47,048	\$ 4,625	\$ 51,673
Earnings per share:					
Basic	\$ 16.41				
Diluted	\$ 15.74				
Weighted average shares:					
Basic	1,591				
Diluted	1,658				

Table of Contents**Index to Financial Statements****Note 1. Pro forma adjustments related to the statements of income**

(a) The following schedule presents pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma condensed combined financial data for the year ended December 31, 2010.

	Year ended December 31, 2010							Ref.	Acquisitions combined (In thousands)
	Davis-Lynch	Wood Flowline	AMC Global(i)(j)	P-Quip(i)(j)	Cannon services	Other individual acquisitions	Acquisition adjustments		
Revenue	\$ 89,152	\$ 28,524	\$ 17,103	\$ 11,116	\$ 29,684	\$ 46,926	\$ (14,391)	(d)	\$ 208,114
Cost of sales	37,381	18,739	9,496	4,977	16,039	30,783	(14,391)	(d)	103,982
							958	(e)	
Gross profit	51,771	9,785	7,607	6,139	13,645	16,143	(958)		104,132
Selling, general and administrative expenses	13,943	1,576	2,002	1,469	5,869	7,124	13,491	(f)	45,474
Operating income (loss)	37,828	8,209	5,605	4,670	7,776	9,019	(14,449)		58,658
Interest expense		81				105	26,028	(g)	26,214
Other expense (income), net	(477)	4	(17)	(8)	(38)	358			(178)
Income before income taxes	38,305	8,124	5,622	4,678	7,814	8,556	(40,477)		32,622
Income tax expense	1,570	2,843	1,574	1,310	2,735	2,834	(2,330)	(h)	10,536
Net Income	\$ 36,735	\$ 5,281	\$ 4,048	\$ 3,368	\$ 5,079	\$ 5,722	\$ (38,147)		\$ 22,086

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(b) The following schedule presents the pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma condensed combined financial data for the six months ended June 30, 2011.

	One	Four	Five	Six months ended June 30, 2011							Ref.	Acquisitions combined (In thousands)
	month ended January 31, 2011	months ended April 30, 2011	months ended May 31, 2011	Wood Flowline	Davis- Lynch	AMC Global(i)(j)	P-Quip(i)(j)	Cannon services	SVP	Acquisition adjustments		
Revenue	\$ 4,259	\$ 14,621	\$ 1,855	\$ 50,353	\$ 12,927	\$ 9,495	\$ 13,544	\$ 16,162	\$ (13,214)	(d)	\$ 110,002	
Cost of sales	2,559	9,933	993	19,393	4,200	5,406	5,633	12,668	(13,214)	(d)	48,023	
									452	(e)		
Gross profit	1,700	4,688	862	30,960	8,727	4,089	7,911	3,494	(452)		61,979	
Selling, general and administrative expenses	253	1,231	244	6,186	2,063	831	3,472	1,262	6,051	(f)	21,593	
Transaction expenses									(2,616)	(f)	(2,616)	
Operating income (loss)	1,447	3,457	618	24,774	6,664	3,258	4,439	2,232	(3,887)		43,002	
Interest expense	16								12,154	(g)	12,170	
Other expense (income), net		24		(301)	2						(275)	
Income before income taxes	1,431	3,433	618	25,075	6,662	3,258	4,439	2,232	(16,041)		31,107	
Income tax expense	501	1,202	172	238	1,865	912	1,554	794	2,924	(h)	10,162	
Net Income	930	2,231	446	24,837	4,797	2,346	2,885	1,438	(18,965)		20,945	
Less: income attributable to noncontrolling interests												
Net income attributable to common stockholders	\$ 930	\$ 2,231	\$ 446	\$ 24,837	\$ 4,797	\$ 2,346	\$ 2,885	\$ 1,438	\$ (18,965)		\$ 20,945	

(c) The offering adjustments in the unaudited pro forma condensed combined statements of income for the year ended December 31, 2010 and the six months ended June 30, 2011 assume the application of \$279 million of net proceeds from this offering to repay a portion of the outstanding indebtedness under the revolving portion of our senior secured credit facility. The resulting reduction of interest expense from the repayment of our senior secured credit facility was \$12.8 million and \$7.1 million for the year ended December 31, 2010 and the six months ended June 30, 2011, respectively. This resulting reduction of interest expense was calculated using the weighted average of the interest rates applicable to the borrowings under the various tranches of our senior secured credit facility as of December 31, 2010 and June 30, 2011, which were 4.6% and 5.1%, respectively. If the net proceeds from the offering of our common stock increases or decreases by \$10 million, we would accordingly repay \$289 million or \$269 million of outstanding indebtedness under our senior secured credit facility, which would change pro forma interest expense by \$0.5 million for the year ended December 31, 2010 and \$0.3 million for the six months ended June 30, 2011. A one-eighth percentage point change in the interest rate would change pro forma interest expense by \$0.3 million for the year ended December 31, 2010 and \$0.2 million for the six months ended June 30, 2011.

(d) Intercompany revenue and cost of sales have been eliminated in the consolidation of the pro forma results. Certain acquired businesses have had sales to other entities within our Company prior to their

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acquisition by us. In the pro forma results, these sales are treated as intercompany sales and therefore have been eliminated in the consolidated total.

(e) Depreciation reflects the adjusted fixed assets assuming the acquisitions occurred January 1, 2010. Asset values were determined based upon third-party and internal appraisals. We estimated the average useful lives of the fixed assets to range from 7 to 30 years. The amount of depreciation related to this adjustment was approximately \$1.0 million and \$0.5 million for the pro forma condensed combined statements of income for the year ended December 31, 2010 and the six months ended June 30, 2011, respectively.

(f) Amortization of intangible assets has been reflected as if the intangible assets purchased as part of the business combinations had been acquired on January 1, 2010. The intangible assets include noncompete agreements, customer-related intangibles, backlog, patents and tradenames. For our significant acquisitions, asset values were determined based upon third-party appraisals. We estimated the remaining useful lives, ranging from 5 to 15 years, of all acquired intangible assets and amortized those assets over their estimated remaining useful lives. The amount of amortization related to this adjustment was approximately \$13.5 million and \$6.1 million for the pro forma condensed combined statements of income for the year ended December 31, 2010 and the six months ended June 30, 2011, respectively. Non-recurring transaction expenses related to acquisitions have been eliminated.

(g) Interest expense reflects the estimated interest related to the debt incurred for the acquisitions as if the acquisitions occurred January 1, 2010. The interest rate used in the pro forma adjustments for the year ended December 31, 2010 and six months ended June 30, 2011 was the interest rate in effect at the time of each acquisition. The pro forma amount of interest expense for the debt related to the acquisitions for the year ended December 31, 2010 and six months ended June 30, 2011 was approximately \$26.0 million and \$12.2 million, respectively. A 1/8% change in the variable rate of interest for the year ended December 31, 2010 and six months ended June 30, 2011 would have reduced or increased net income by approximately \$0.4 million and \$0.2 million, respectively.

(h) In preparing the pro forma condensed combined statements of income for the year ended December 31, 2010 and six months ended June 30, 2011, we used the statutory tax rate in effect for the applicable jurisdiction at the time of each acquisition.

(i) The historical profit and loss accounts and balance sheet of AMC and P-Quip have been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP). Such principles differ in certain respects from generally accepted accounting principles in the United States (US GAAP). There were no significant differences between UK GAAP and US GAAP that would require adjustments within this pro forma financial data. Additionally, for the purpose of presenting the unaudited pro forma condensed combined financial data, the adjusted income statements of AMC and P-Quip for the periods ended December 31, 2010 and June 30, 2011 have been translated into U.S. dollars at the average rates for the periods ended December 31, 2010 and June 30, 2011, respectively.

(j) The pro forma statement of income of the AMC Acquisition for the year ended December 31, 2010 was derived from the audited financial statements for the fiscal year ended April 30, 2011, minus the results of operations for the four months ended April 30, 2011, plus the results of operations for the four months ended April 30, 2010, as shown in the schedule below. The currency exchange rates used to convert AMC s results of operations from British pound sterling

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to U.S. dollars for the twelve months ended December 31, 2010 and the six months ended June 30, 2011 were 1.55 and 1.62, respectively.

AMC (in 000 s of British sterling pound)	Twelve months Ended April 30, 2011		Four months ended April 30, 2011		Four months ended April 30, 2010		Twelve months ended December 31, 2010	
Net Sales	£	12,833	£	4,691	£	2,922	£	11,064
Cost of Sales		5,756		1,324		1,711		6,143
Gross Profit		7,077		3,367		1,211		4,921
Selling, general and administrative expenses		1,920		880		255		1,265
Income from operations		5,157		2,487		956		3,626
Interest, expense, net								
Other, net		(2)		4		(5)		(11)
Income before income taxes		5,159		2,483		961		3,637
Income tax expense		1,522		695		269		1,018
Net income	£	3,637	£	1,788	£	692	£	2,619

The pro forma statement of income of the P-Quip Acquisition for the year ended December 31, 2010 was derived from the audited financial statements for the fiscal year ended May 31, 2011, minus the results of operations for the five months ended May 31, 2011, plus the results of operations for the five months ended May 31, 2010, as shown in the schedule below. The currency exchange rates used to convert P-Quip's results of operations from British pound sterling to U.S. dollars for the twelve months ended December 31, 2010 and the six months ended June 30, 2011 were 1.55 and 1.62, respectively.

P-QUIP (in 000 s of British sterling pound)	Twelve months ended May 31, 2011		Five months ended May 31, 2011		Five months ended May 31, 2010		Twelve months ended December 31, 2010	
Net Sales	£	9,097	£	4,898	£	2,992	£	7,191
Cost of Sales		4,659		2,753		1,314		3,220
Gross Profit		4,438		2,145		1,678		3,971
Selling, general and administrative expenses		1,122		495		323		950
Income from operations		3,316		1,650		1,355		3,021
Interest, expense, net								
Other, net		(5)						(5)
Income before income taxes		3,321		1,650		1,355		3,026
Income tax expense		579		374		200		847

Net income	£	2,742	£	1,276	£	1,155	£	2,179
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Table of ContentsIndex to Financial Statements**Pro forma condensed combined balance sheet****As of June 30, 2011**

	Forum	Companies acquired after June 30, 2011(a)	Acquisition adjustments(b)	Proforma combined	Offering adjustments(c)	Pro forma combined (In thousands)
						(Unaudited)
Cash	\$ 66,137	\$ 82,648	\$ (71,904)	\$ 76,881	\$	\$ 76,881
Accounts receivable	159,395	42,209		201,604		201,604
Inventories	217,024	51,250		268,274		268,274
Other current assets	39,034	1,488		40,522		40,522
Total current assets	481,590	177,596	(71,904)	587,282		587,282
Property and equipment, net	104,496	3,204	12,870	120,570		120,570
Deferred loan costs	7,749			7,749		7,749
Intangible assets, net	111,613		110,061	221,674		221,674
Goodwill	358,433	4,728	256,784	619,945		619,945
Other long-term assets	4,630	16		4,646		4,646
Total long-term assets	586,921	7,948	379,715	974,584		974,584
Total assets	\$ 1,068,511	\$ 185,544	\$ 307,811	\$ 1,561,866	\$	\$ 1,561,866
Accounts payable	81,044	14,363		95,407		95,407
Other current liabilities	115,644	7,047		122,691		122,691
Total current liabilities	196,688	21,410		218,098		218,098
Notes payable	279,668	102	452,788	732,558	(279,000)	453,558
Other noncurrent liabilities	19,784			19,784		19,784
Total liabilities	496,140	21,512	452,788	970,440	(279,000)	691,440
Common stock	18	1	(1)	18		18
Additional paid-in capital related to issued stock for recent acquisitions			19,056	19,056		19,056
Retained earnings	176,906	149,135	(149,135)	176,906		176,906
Other stockholders equity	394,747	14,897	(14,897)	394,747	279,000	673,747
Total stockholders equity	571,671	164,033	(144,977)	590,727	279,000	869,727
Noncontrolling interest	700			700		700
Total liabilities and stockholders equity	\$ 1,068,511	\$ 185,544	\$ 307,811	\$ 1,561,866	\$	\$ 1,561,866

Table of Contents**Index to Financial Statements****Note 1. Pro forma and offering adjustments to the balance sheet as of June 30, 2011**

(a) The pro forma consolidated balance sheet reflects those acquisitions that occurred after June 30, 2011 as if they had occurred on June 30, 2011. The following schedule presents the pro forma adjustments related to the inclusion of the acquisitions occurring after June 30, 2011 in the pro forma consolidated balance sheet.

						Total
	Davis-Lynch	AMC	P-Quip	Cannon	SVP	Acquisitions
Cash	\$ 71,904	\$ 6,077	\$ 2,270	\$ 1,640	\$ 757	\$ 82,648
Accounts receivable	21,552	6,889	4,864	3,452	5,452	42,209
Inventories	31,595	4,176	5,034	5,537	4,908	51,250
Other current assets	41		258	1,125	64	1,488
Total current assets	125,092	17,142	12,427	11,754	11,181	177,596
Property and equipment, net	888	363	114	497	1,343	3,204
Deferred Loan Costs						
Intangible assets, net						
Goodwill		4,728				4,728
Other long term assets					16	16
Total long-term assets	888	5,090	114	497	1,359	7,948
Total assets	125,980	22,232	12,541	12,251	12,540	185,544
Accounts payable	2,067	2,516	3,619	1,178	4,983	14,363
Other current liabilities	4,473	1,797		560	217	7,047
Total current liabilities	6,540	4,312	3,619	1,738	5,200	21,410
Notes payable					102	102
Other noncurrent liabilities						
Total liabilities	6,540	4,312	3,619	1,738	5,302	21,512
Common stock					1	1
APIC related to issued stock						
Retained earnings	119,200	13,829	8,869		7,237	149,135
APIC with parent						
Other stockholders' equity	240	4,091	53	10,513		14,897
Total stockholders' equity	119,440	17,920	8,922	10,513	7,238	164,033
Noncontrolling interest						
Total liabilities and equity	\$ 125,980	\$ 22,232	\$ 12,541	\$ 12,251	\$ 12,540	\$ 185,544

(b) The debt incurred for these acquisitions was approximately \$452.8 million and stock issued related to these acquisitions was valued at \$19.1 million. The preliminary allocation of consideration for these acquisitions is summarized as follows (in thousands):

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	Davis-Lynch	AMC	P-Quip	Cannon	SVP	Total
Current assets	\$ 53,187	\$ 17,142	\$ 12,427	\$ 11,754	\$ 11,181	\$ 105,691
Property and equipment	10,000	363	114	4,702	912	16,090
Intangible assets (primarily customer relationships)	77,811	9,871	7,051	13,423	1,905	110,061
Goodwill	181,560	27,761	16,452	31,255	4,484	261,512
Current liabilities	(6,540)	(4,312)	(3,619)	(1,738)	(5,200)	(21,410)
Net assets acquired	\$ 316,018	\$ 50,824	\$ 32,425	\$ 59,396	\$ 13,282	\$ 471,945

We have not completed our valuation of the assets acquired and liabilities assumed; accordingly, we have assumed that the fair value of the current assets acquired and liabilities assumed approximate their historic book values, have estimated fair values to property and equipment based on preliminary assessments and have allocated a portion of the excess cost of the acquisition to identified intangibles using the results of the valuations of our other recent acquisitions. On this basis, we have estimated the fair value of identified intangibles to be \$110.1 million and goodwill to be \$261.5 million. The estimates and assumptions used in these preliminary valuations are subject to change upon the receipt of the final valuations prepared by independent appraisers. The primary area of the purchase price yet to be finalized relates to

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intangible and identifiable assets and working capital adjustments. The adjustment to cash relates to the cash not included as part of the purchase.

(c) The pro forma consolidated balance sheet as of June 30, 2011 assumes offering proceeds of \$279 million, net of \$21 million in estimated offering expenses, and assumes the application of these net proceeds from this offering to repay all of the outstanding indebtedness under the revolving portion of our senior secured credit facility.

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Selected historical consolidated financial data

You should read the following selected historical financial data in conjunction with Unaudited pro forma condensed combined financial data, Management's discussion and analysis of financial condition and results of operations and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. We believe that the assumptions underlying the preparation of our financial statements are reasonable. The financial data included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

The selected historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 are derived from our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. The selected historical financial data as of December 31, 2006, 2007 and 2008 and for the years ended December 31, 2006 and 2007 have been derived from our unaudited consolidated financial statements, which are not included in this prospectus. The historical financial data as of June 30, 2011 and for the six months ended June 30, 2010 and 2011 are derived from our unaudited consolidated financial statements and related notes thereto included elsewhere in this prospectus and have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial data.

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	Year ended December 31,					Six months ended	
	2006	2007	2008	2009	2010	2010	June 30,
	(unaudited)					(unaudited)	
	(in thousands, except per share information)						
Income Statement Data:							
Net sales	\$ 230,607	\$ 635,077	\$ 972,551	\$ 677,378	\$ 747,335	\$ 349,290	\$ 460,506
Cost of sales	144,762	444,769	691,824	491,463	533,078	245,957	324,517
Gross profit	85,845	190,308	280,727	185,915	214,257	103,333	135,989
Operating expenses							
Selling, general and administrative expenses	43,896	93,694	146,943	128,562	141,441	64,597	78,880
Contingent consideration							5,800
Transaction expenses							2,616
Impairment of goodwill and other intangible assets			44,015	7,009			
(Gain) loss on sale of assets	(2,018)		(619)	137	(461)	(123)	(420)
Total operating expenses	41,878	93,694	190,339	135,708	140,980	64,474	86,876
Income from operations	43,967	96,614	90,388	50,207	73,277	38,859	49,113
Other expense (income)							
Expenses related to the Combination					6,968		
Deferred loan costs written off					6,082		
Interest expense	6,712	21,718	24,704	19,451	18,189	9,242	7,689
Other, net	33	1,201	(2,065)	(1,088)	(2,308)	(981)	751
Total other expense (income)	6,745	22,919	22,639	18,363	28,931	8,261	8,440
Income from continuing operations before income taxes	37,222	73,695	67,749	31,844	44,346	30,598	40,673
Provision for income tax expense	13,104	28,282	32,938	11,011	20,297	10,235	14,383
Income from continuing operations	24,118	45,413	34,811	20,833	24,049	20,363	26,290
Loss from discontinued operations, net of taxes			(396)	(1,342)			
Net income	24,118	45,413	34,415	19,491	24,049	20,363	26,290
Less: Income attributable to noncontrolling interest	(55)	(95)	(39)	(155)	(111)	(73)	(187)
Net income attributable to common stockholders	\$ 24,063	\$ 45,318	\$ 34,376	\$ 19,336	\$ 23,938	\$ 20,290	\$ 26,103
Weighted average shares outstanding							
Basic	463	1,023	1,232	1,304	1,454	1,309	1,591
Diluted	476	1,043	1,261	1,322	1,468	1,322	1,658
Earnings per share							
Basic	\$ 51.97	\$ 44.30	\$ 27.90	\$ 14.83	\$ 16.46	\$ 15.50	\$ 16.41
Diluted	\$ 50.55	\$ 43.45	\$ 27.26	\$ 14.63	\$ 16.31	\$ 15.35	\$ 15.74

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(in thousands)	2006	2007	2008	As of December 31,		As of June 30,
	(unaudited)	(unaudited)	(unaudited)	2009	2010	2011
						(unaudited)
Balance Sheet Data:						
Cash and cash equivalents	\$ 7,227	\$ 32,687	\$ 19,941	\$ 26,894	\$ 20,348	\$ 66,137
Net property, plant and equipment	23,497	72,479	109,194	96,747	90,632	104,496
Total assets	266,745	822,400	961,022	840,226	818,332	1,068,511
Long-term debt	110,952	326,696	321,962	236,937	204,715	279,668
Total stockholders' equity	94,414	306,052	376,961	401,927	462,523	571,671

(in thousands)	2006	2007	Year ended December 31,			Six months ended	
	(unaudited)	(unaudited)	2008	2009	2010	2010	2011
						(unaudited)	(unaudited)
Other financial data:							
Net cash provided by operating activities	\$ 13,770	\$ 40,198	\$ 112,463	\$ 107,751	\$ 65,981	\$ 25,861	\$ 1,906
Net cash used in investing activities	\$ (88,224)	\$ (388,350)	\$ (160,937)	\$ (10,914)	\$ (19,216)	\$ (5,045)	\$ (84,825)
Net cash provided by / (used in) financing activities	\$ 72,985	\$ 369,770	\$ 58,871	\$ (94,532)	\$ (54,265)	\$ (21,370)	\$ 126,057

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Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Selected historical consolidated financial data and our financial statements and related notes appearing elsewhere in this prospectus. This discussion contains forward-looking statements based on our current expectations, estimates and projections about our operations and the industry in which we operate. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in this prospectus under Cautionary note regarding forward-looking statements and Risk factors. We assume no obligation to update any of these forward-looking statements.

Overview

We are a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. We design and manufacture products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, land and offshore drilling contractors, well intervention service providers, subsea construction and service companies, pipeline operators and refinery and petrochemical plant operators, among others. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems.

On August 2, 2010, we completed the Combination, through which FOT, Global Flow, Triton, Allied and Subsea were combined and became Forum Energy Technologies, Inc. Prior to the Combination, SCF Partners, through two of its private equity funds, controlled a majority of the voting interests in each of FOT, Global Flow, Triton and Subsea. SCF also held a controlling position with respect to Allied by virtue of its ownership of a substantial portion of Allied's issued and outstanding common stock and its contractual right to fill a majority of the directors seats comprising the Allied Board of Directors. As a result, the mergers consummated in connection with the Combination are accounted for using the reorganization accounting method for entities under common control. Under this method of accounting, the consolidated financial statements and the discussions herein include the operating results of FOT, Global Flow, Triton, Allied and Subsea from the date on which each became controlled by SCF, which was May 2005, June 2005, February 2007, August 2007 and January 2007, respectively.

We operate in two business segments:

Drilling and Subsea Segment. We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. Through this segment, we offer drilling products, including capital equipment and a broad line of products consumed in the drilling process; downhole products, including cementing and casing tools and a range of downhole protection solutions; and subsea products, including capital equipment, specialty components and tooling, and applied products

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for subsea pipelines. We also provide a broad suite of complementary subsea technical services and rental items.

Production and Infrastructure Segment. We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. Through this segment, we supply surface production and process equipment, specialty pipeline construction equipment, a broad range of industrial and process valves and well stimulation and flow equipment, as well as provide related support services.

Recent acquisitions

We have made eight acquisitions this year, three of which are now included in the Production and Infrastructure Segment and five in the Drilling and Subsea Segment. The three Production and Infrastructure acquisitions comprise our new consumable flow equipment product line. For Drilling and Subsea, two of the acquisitions form our new downhole products line, two are additions to our drilling products offering, and one is an addition to subsea products offering.

We established our flow equipment platform in 2011 through the completion of three acquisitions. In February 2011, we acquired Wood Flowline Products, LLC (WFP), based out of Davis, Oklahoma, which sells flow equipment components used in fracturing and flowback operations and provides related inspection, recertification and refurbishment services. In April 2011, we acquired Phoinix Global LLC (Phoinix), based in Alice, Texas, which offers fluid-ends for frac pressure pumps, plug valves, relief valves, chokes, manifolds, manifold trailers and flow equipment transport trucks. In July 2011, we acquired SVP Products (SVP), based in Odessa, Texas, which provides recertification and refurbishment of flow equipment used in the well stimulation and flowback processes. SVP added access to critical growth basins in North America and had previously served as a channel to market for WFP and Phoinix products. The SVP Acquisition helps tie WFP and Phoinix into a stronger single product line, and provides a broader geographic footprint and critical customer relationships.

We formed our downhole products platform in July 2011 through the acquisition of Cannon Services Ltd. (Cannon), based in Stafford, Texas, which provides standard and customized clamp and stamped metal protection systems used to shield downhole control lines and gauges during their installation and to provide protection during production enhancement operations.

We considerably strengthened our newly established position in the downhole market in July 2011 through the acquisition of Davis-Lynch LLC (Davis-Lynch), based in Pearland, Texas which increases our ability to offer the mission critical products used during the completion phase of oil and natural gas well construction. Davis-Lynch is a 64 year old market leading manufacturer of proprietary downhole cementing and casing products which designs, manufactures and provides a full range of centralizers, float equipment, stage cementing tools, inflatable packers, flotation collars, cementing plugs, fill and circulation tools for running casing, casing hangars and surge reduction equipment.

We have made two acquisitions this year to add to our drilling products capabilities. In July 2011, we acquired AMC Global Group, Ltd. (AMC), based in Aberdeen, Scotland, which designs and manufactures specialized torque equipment for tubular connections, including high torque stroking units, fully rotational torque units, portable torque units for field deployment and related control systems, and provides aftermarket service. Simultaneously, we acquired P-Quip, Ltd. (P-Quip), based in Kilbirnie, Scotland, which is a manufacturer of proprietary mud pump

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fluid end assemblies, mud pump rod systems, liner retention systems, valve cover retention systems and other drilling flow control products. Both the AMC and P-Quip product lines serve to enhance the safety and efficiency of modern drilling operations. They are complementary to our focus on tubular handling and drilling flow control products.

In May 2011, we completed the Specialist Acquisition, which enhanced our subsea products offering. Specialist designs and manufactures or assembles specialized ROV tooling for sale and rental and is based in Aberdeen, Scotland.

For additional information regarding our recent acquisitions, please read Note 16 to our audited consolidated financial statements included elsewhere in this prospectus.

Evaluation of operations

We manage our operations through the two business segments described above. We have focused on implementing financial reporting and controls at all of our operations to accelerate the availability of critical information necessary to support informed decision making. We use a number of financial and non-financial measures to routinely analyze and evaluate, on a segment and corporate level, the performance of our business, including the following:

- Safety;
- Revenue growth;
- Gross margin percentage;
- Selling, general and administrative expenses as a percentage of total revenue;
- Operating income and operating margin percentage;
- Earnings per share; and
- Free cash flow.

At the beginning of each year, we establish annual, quarterly and monthly plans for each product line based on our assessment of market conditions and opportunities. We re-evaluate and update these plans on at least a quarterly basis.

Safety. We measure safety by tracking the total recordable incident rate (TRIR), which is reviewed on a monthly basis. TRIR is a measure of the rate of recordable workplace injuries, defined below, normalized and stated on the basis of 100 workers for an annual period. The factor is derived by multiplying the number of recordable injuries in a calendar year by 200,000 (i.e., the total hours for 100 employees working 2,000 hours per year) and dividing this value by the total hours actually worked in the year. A recordable injury includes occupational death, nonfatal occupational illness and other occupational injuries that involve loss of consciousness, restriction of work or motion, transfer to another job, or medical treatment other than first aid.

Revenue growth. We compare actual revenue achieved each month to the most recent estimate for that month and to the annual plan for the month established at the beginning of the year. We monitor our revenue to analyze trends in the relative performance of each of our product lines as compared to standard revenue drivers or market metrics applicable to that product. We are particularly interested in identifying positive or negative trends and investigating to understand the root causes. We also evaluate changes in the mix of products sold and the resultant impact on reported gross margins.

Gross margin percentage. We define gross margin percentage as our gross margin, or net sales minus cost of sales, divided by our net sales. Our management continually evaluates our

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consolidated gross margin percentage and our gross margin percentage by segment to determine how each segment and the individual product lines within those segments are performing. This metric aids management in capital resource allocation and pricing decisions.

Selling, general and administrative expenses as a percentage of total revenue. Selling, general and administrative expenses include payroll related costs for sales, marketing, administrative, accounting, information technology, certain engineering and human resources functions; audit, legal and other professional fees; insurance; franchise taxes not based on income; travel and entertainment; advertising and promotions; bad debt expense; and other office and administrative related costs. Our management continually evaluates the level of our selling, general and administrative expenses in relation to our revenue and makes appropriate changes in light of activity levels to preserve and improve our profitability while meeting the on-going support and regulatory requirements of the business.

Operating income and operating margin percentage. We define operating income as revenue less cost of goods sold less selling, general and administrative expenses. We define our operating margin percentage as operating income divided by revenue. These metrics assist management in evaluating the performance of each segment as a whole, especially to determine whether the amount of administrative burden is appropriate to support current business activity levels.

Earnings per share. We calculate fully-diluted earnings per share as prescribed under GAAP, that is net income divided by common shares outstanding, giving effect for the assumed exercise of all outstanding options and warrants with a strike price less than the average fair value of the shares over the period covered for the calculation. We believe this measure is important as it reflects the sum total of operating results and all attendant capital decisions, showing in one number the amount earned for the stockholders of our Company.

Free cash flow. We define free cash flow as net income, increased by non-cash charges included in net income (e.g., depreciation and amortization and deferred income taxes), increased or decreased by changes in net working capital, less capital expenditures. We believe that this measure is important because it encompasses both profitability and capital management in evaluating results. Free cash flow represents the business contribution in the generation of funds available to pay debt outstanding, invest in other areas, or return funds to our stockholders.

General trends and outlook

Sales of our products and services are driven primarily by traditional energy industry activity indicators, which include current and expected commodity prices, drilling rig counts, well completions and workover activity, geological characteristics of producing wells, which determine the intensity of services provided per well, oil and gas production levels, and customers' capital budgets. Oil and gas prices and the level of customer activity have been characterized by significant volatility in recent years. Oil and gas prices fell from previously historic levels beginning in mid-2008 and continued into 2009. As a result of the economic downturn that began in 2008 and the resulting decrease in commodity prices, customers significantly curtailed capital spending throughout 2009. Global economies generally improved and stabilized in 2010 and, as a result of rising expectations for energy demand and steady increases in oil prices from the depressed levels witnessed in 2009, our customers substantially increased their capital spending in 2010 and the first half of 2011.

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We believe drivers of industry demand should remain favorable in most of our geographic markets. In addition to increased capital spending in the oil and gas industry generally, we have also identified the following trends in the oil and gas industry that we believe will positively affect our business in the coming years: (i) the increasing complexity of well construction, (ii) the growing service intensity associated with unconventional resources, (iii) the increasing investment in subsea equipment and related services, (iv) the heightened focus on product maintenance and certification, (v) the recovery in global drilling activity and new rig replacement cycle and (vi) the development of heavy oil reserves in Canada. For more information regarding these industry trends, see **Business** Current trends in our industry. Our customer targeting efforts, product development projects, aftermarket service offerings and mergers and acquisitions initiatives are focused on enhancing our exposure to these trends.

Any decrease in commodity prices or in the capital spending programs of our customers would adversely impact our business, financial condition or results of operations. Please see **Risk factors** We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclical nature may cause fluctuations in our revenues and results of our operations.

Factors affecting the comparability of our pro forma and our future results of operations to our historical results of operations

Our pro forma results of operations and our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below:

The historical consolidated financial statements included in this prospectus are based on the separate businesses of FOT, Global Flow, Triton, Allied and Subsea for the periods prior to the Combination. As a result, the historical financial data may not give you an accurate indication of what our actual results would have been if the Combination had been completed at the beginning of the periods presented or of what our future results of operations are likely to be.

Since the Combination, we have grown our business both organically and through strategic acquisitions. We have expanded and diversified our product portfolio and business lines with the acquisition of eight businesses in 2011 for a total consideration of approximately \$586 million. These acquisitions accounted for 41% of our pro forma net income and 39% of our pro forma Adjusted EBITDA for the six months ended June 30, 2011. The historical financial data for prior years does not include the results of any of the acquired companies for the periods presented and, as such, does not give you an accurate indication of what our future results are likely to be.

As we integrate the acquired companies and further implement controls, processes and infrastructure to operate in compliance with the regulatory requirements applicable to companies with publicly traded shares, it is likely that we will incur incremental selling, general and administrative expenses relative to historical periods.

Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

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	Year ended December 31,			Six months ended	
	2008	2009	2010	2010	June 30, 2011
	(unaudited)				
(in thousands of dollars, except per share information)					
Revenue:					
Drilling and Subsea	\$ 658,804	\$ 455,019	\$ 474,306	\$ 221,949	\$ 267,965
Production and Infrastructure	313,747	222,359	273,029	127,341	192,541
Total revenue	\$ 972,551	\$ 677,378	\$ 747,335	\$ 349,290	\$ 460,506
Cost of sales:					
Drilling and Subsea	\$ 454,129	\$ 325,147	\$ 327,848	\$ 150,869	\$ 185,263
Production and Infrastructure	237,695	166,316	205,230	95,088	139,254
Total cost of sales	\$ 691,824	\$ 491,463	\$ 533,078	\$ 245,957	\$ 324,517
Gross profit:					
Drilling and Subsea	\$ 204,675	\$ 129,872	\$ 146,458	\$ 71,080	\$ 82,702
Production and Infrastructure	76,052	56,043	67,799	32,253	53,287
Total gross profit	\$ 280,727	\$ 185,915	\$ 214,257	\$ 103,333	\$ 135,989
Selling, general and administrative expenses:					
Drilling and Subsea	\$ 98,395	\$ 86,101	\$ 92,924	\$ 42,762	\$ 42,636
Production and Infrastructure	48,548	42,461	45,186	21,835	26,261
Corporate			3,331		9,983
Total selling, general and administrative expenses	\$ 146,943	\$ 128,562	\$ 141,441	\$ 64,597	\$ 78,880
Impairment of goodwill and intangible assets					
Drilling and Subsea	\$ 39,239	\$ 5,545	\$	\$	\$
Production and Infrastructure	4,776	1,464			
Total impairment of goodwill and intangible assets	\$ 44,015	\$ 7,009	\$	\$	\$
Operating income:					
Drilling and Subsea	\$ 67,041	\$ 38,226	\$ 53,534	\$ 28,318	\$ 40,066
Production and Infrastructure	22,728	12,118	22,613	10,418	27,026
Corporate			(3,331)		(9,983)
Total segment operating income	89,769	50,344	72,816	38,736	57,109
Contingent consideration	\$	\$	\$	\$	\$ 5,800
Transaction expenses					2,616
Gain/(loss) on sale of assets	619	(137)	461	123	420
Income from operations	90,388	50,207	73,277	38,859	49,113
Interest expense, net	24,704	19,451	18,189	9,242	7,689
Expenses related to the Combination			6,968		
Deferred loan costs written off			6,082		
Other (income) expense, net	(2,065)	(1,088)	(2,308)	(981)	751

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Income before income taxes	67,749	31,844	44,346	30,598	40,673
Income tax expense	32,938	11,011	20,297	10,235	14,383
Loss from discontinued operations, net of taxes	396	1,342			
Net income	34,415	19,491	24,049	20,363	26,290
Income (loss) attributable to non-controlling interest	(39)	(155)	(111)	(73)	(187)
Income attributable to common stockholders	\$ 34,376	\$ 19,336	\$ 23,938	\$ 20,290	\$ 26,103
Weighted average shares outstanding					
Basic	1,232	1,304	1,454	1,309	1,591
Diluted	1,261	1,322	1,468	1,322	1,658
Earnings per share					
Basic	\$ 27.90	\$ 14.83	\$ 16.46	\$ 15.50	\$ 16.41
Diluted	27.26	14.63	16.31	15.35	15.74

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Six months ended June 30, 2011 compared to six months ended June 30, 2010

Revenue

Our revenue for the six months ended June 30, 2011 increased \$111.2 million, or 31.8%, compared to the six months ended June 30, 2010. For the six months ended June 30, 2011, our Drilling and Subsea Segment and our Production and Infrastructure Segment comprised 58.2% and 41.8% of our total revenue, respectively, compared to 63.5% and 36.5%, respectively, for the six months ended June 30, 2010. The revenue increase by operating segment was comprised as follows:

Drilling and Subsea Segment Revenue increased \$46.0 million, or 20.7%, to \$267.9 million during the six months ended June 30, 2011 compared to the six months ended June 30, 2010. The increase in revenue over the 2010 period was primarily due to the following:

Approximately \$26.1 million of this increase was from drilling products sales attributable to higher drilling activity in the United States and Canada as reflected by the 24% increase in the average North American drilling rig count between the two periods. The higher revenue related to land rigs was in line with the higher rig count, partially offset by an \$8.9 million decrease in sales of capital equipment for new offshore rig construction.

Approximately \$19.9 million of this increase was from higher subsea product sales. We completed a significant project in Australia during the first half of 2011, which almost doubled our offshore pipeline services revenue with an increase of \$8.8 million, compared to the lower demand for these services experienced in the first half of 2010. Late in the fourth quarter of 2010, we introduced ROVDrill , a new subsea sampling and data acquisition system, which produced \$4.3 million in revenue in the first half of 2011. Our offshore rental products business achieved 50% higher revenue, reporting \$5.4 million more in the first half of 2011 than the first half of 2010 due to increased demand for these products. One month of revenue of \$0.6 million was recognized in 2011 after completion of the Specialist Acquisition.

Production and Infrastructure Segment Revenue increased \$65.2 million, or 51.2%, to \$192.5 million during the six months ended June 30, 2011 compared to the six months ended June 30, 2010. The increase in revenue over the 2010 period was primarily due to the following:

\$32.5 million from the Wood Flowline Acquisition and the Phoenix Acquisition.

Approximately \$21.0 million for incremental production equipment sales, from a combination of higher capital spending by existing customers and the addition of sales to new customers.

Approximately \$12.0 million from valve solutions due to more project orders and an increase in our Canadian market presence.

Cost of sales and gross margin percentage

Our overall cost of sales increased \$78.6 million, or 32.0%, for the six months ended June 30, 2011 compared to the six months ended June 30, 2010. Overall gross margin percentage for the six months ended June 30, 2011 was 29.5% compared to 29.6% for the six months ended June 30, 2010.

Drilling and Subsea Segment Cost of sales increased \$34.4 million, or 22.8%, for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to increased

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shipments. Drilling and Subsea gross margin percentage for the six months ended June 30, 2011 was 30.9% compared to 32.0% for the six months ended June 30, 2010. The decrease in gross margin percentage resulted from (1) costs associated with manufacturing initiatives to improve quality and reliability for tubular handling tools, (2) lower margins on the Australian offshore pipe joint services project caused by higher labor costs in that region, and (3) lower margins on ROV system components purchased from third parties.

Production and Infrastructure Segment Cost of sales increased \$44.2 million, or 46.4%, for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 due to increased shipments, including \$20.1 million attributable to the Wood Flowline Acquisition and the Phoenix Acquisition. Gross margin percentage improved for the six months ended June 30, 2011 to 27.7% from 25.3% for the six months ended June 30, 2010. The increase in segment gross margin percentage resulted from efficiencies achieved on higher production volumes and the acquisition of the higher margin flow equipment businesses.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$14.3 million, or 22.1%, for the six months ended June 30, 2011 compared to the six months ended June 30, 2010. As a percentage of revenue, selling, general and administrative expenses declined to 17.1% for the six months ended June 30, 2011 from 18.5% for the six months ended June 30, 2010. The increase in selling, general and administrative expenses by segment and for corporate was as follows:

Drilling and Subsea Segment Selling, general and administrative expenses for this segment was approximately the same for the six months ended June 30, 2011 compared to the six months ended June 30, 2010. As a percentage of revenue, these expenses declined to 15.9% for the six months ended June 30, 2011 from 19.3% in the six months ended June 30, 2010, the reduction achieved by keeping administrative costs effectively constant during a period of increased production.

Production and Infrastructure Segment Selling, general and administrative expenses for this segment increased \$4.4 million, or 20.3%, for the six months ended June 30, 2011, compared to the six months ended June 30, 2010. As a percentage of revenue, these expenses declined to 13.6% for the six months ended June 30, 2011 from 17.1% in the six months ended June 30, 2010. The increase in expenses was due to payroll related costs incurred to support higher activity levels, especially for production equipment, and approximately \$2.2 million was attributable to expenses incurred by the newly acquired flow equipment businesses.

Corporate Selling, general and administrative expenses for Corporate were \$10.0 million for the six months ended June 30, 2011. Corporate costs are not shown separately in the prior period as these similar costs prior to the Combination were imbedded in the segment results of the legacy companies that combined. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, human resources and information technology; professional fees for legal, accounting and related services; and marketing costs.

Operating income and operating margin percentage

Drilling and Subsea Segment Operating income increased \$11.7 million, or 41.5%, for the six months ended June 30, 2011, compared to the six months ended June 30, 2010. Operating margin percentage increased to 15.0% for the six months ended June 30, 2011 from 12.7% for

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the six months ended June 30, 2010. Operating margin percentage increased primarily because of lower selling, general and administrative expenses as a percentage of revenue offset by the lower gross profit margins between periods.

Production and Infrastructure Segment Operating income increased \$16.6 million, or 159%, for the six months ended June 30, 2011, compared to the six months ended June 30, 2010. Operating margin percentage increased to 14.0% for the six months ended June 30, 2011 from 8.2% for the six months ended June 30, 2010. The increased operating income and operating margin percentage was due to the higher gross margins achieved and from the acquired flow equipment businesses.

Interest expense

We incurred \$7.7 million of interest expense during the six months ended June 30, 2011, a decrease of \$1.6 million from the six months ended June 30, 2010. The decrease in interest was attributable to the reduction in debt levels between the periods as total debt decreased from \$271.9 million at January 1, 2010 to \$207.9 million at December 31, 2010. This lower debt level remained during most of the second quarter of 2011 resulting in lower interest expense. Debt did increase during the six month period related to the acquisitions, but this debt was not outstanding for the entire period. Also, interest is lower than in the prior year period due to the interest paid on the mandatorily redeemable preferred stock that was fully redeemed in 2010.

Taxes

Tax expense includes current income taxes expected to be due based on taxable income to be reported during the periods in the various jurisdictions in which we conduct business, and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 35.4% and 33.4% for the six months ended June 30, 2011 and 2010, respectively. The tax provision for the first half of 2011 is higher than the comparable period in 2010 primarily because our proportion of U.S. earnings, which are subject to a higher rate, and because the applicable U.S. statutory rate for 2011 for the combined companies is 35% while in 2010 several of the legacy companies in the Combination qualified for the lower statutory rate of 34% due to the size of the respective companies.

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

Revenue

Our revenue for the year ended December 31, 2010 increased \$70.0 million, or 10.3%, compared to the year ended December 31, 2009. For the year ended December 31, 2010, our Drilling and Subsea Segment and our Production and Infrastructure Segment comprised 63.5% and 36.5% of our total revenue, respectively, compared to 67.2% and 32.8%, respectively, for the year ended December 31, 2009. The revenue increase by operating segment was as follows:

Drilling and Subsea Segment Revenue increased \$19.3 million, or 4.2%, to \$474.3 million during the year ended December 31, 2010 compared to the year ended December 31, 2009. Revenue in the drilling product lines increased by approximately \$22.1 million, primarily as a result of the approximately 45% increase in the average North American drilling rig count between the two

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periods. Orders for drilling products to be used on land rigs did not accelerate until the second half of 2010, as customers exhausted their existing consumables inventories in the first half of the year and as their ability to use equipment and supplies from previously stacked rigs diminished in the face of higher rig utilization. This revenue increase attributable to improvements in the land rig market was partially offset by a reduction in sales of manifolds and cranes used on offshore rigs.

Production and Infrastructure Segment Revenue increased \$50.7 million, or 22.8%, to \$273.0 million during the year ended December 31, 2010 compared to the year ended December 31, 2009. The increase in revenue from sales of production equipment and valve products was approximately \$37.9 million and \$12.8 million, respectively. The increase in production equipment revenue was attributable to improved market conditions, the increased sales due to an enhancement of an existing product line for approximately \$20.0 million, the successful addition of several new customers for approximately \$9.0 million and expansion into new geographic markets in the United States for approximately \$4.0 million. The increase in valve products revenue was attributable to improved market conditions.

Cost of sales and gross margin percentage

Our overall cost of sales increased \$41.6 million, or 8.5%, for the year ended December 31, 2010 compared to the year ended December 31, 2009. Overall gross margin percentage for the year ended December 31, 2010 was 28.7% compared to 27.4% for the year ended December 31, 2009.

Drilling and Subsea Segment Cost of sales increased \$2.7 million, or 0.8%, for the year ended December 31, 2010 compared to the year ended December 31, 2009 due to increases in shipments as reflected in higher revenue. Gross margin percentage for the year ended December 31, 2010 was 30.9% compared to 28.5% for the year ended December 31, 2009. The increase in gross margin percentage resulted primarily from efficiencies achieved on increased production of our drilling products and from implementation of manufacturing process improvements for certain of our drilling products, in particular our catwalk systems and blowout preventers.

Production and Infrastructure Segment Cost of sales increased \$38.9 million, or 23.4%, for the year ended December 31, 2010 compared to the year ended December 31, 2009 due to increases in shipments as reflected in higher revenue. Gross margin percentage was down slightly for the year ended December 31, 2010 to 24.8% compared to 25.2% for the year ended December 31, 2009. The slight decrease was attributable to lower margins on the mix of valves sold during 2010, partially offset by cost controls implemented in 2009, that remained in place during 2010.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$12.9 million, or 10.0%, for the year ended December 31, 2010 compared to the year ended December 31, 2009. As a percentage of revenue, selling, general and administrative expenses decreased slightly to 18.9% for the year ended December 31, 2010 from 19.0% for the year ended December 31, 2009. The increase in selling, general and administrative expenses by segment and for corporate was as follows:

Drilling and Subsea Segment Selling, general and administrative expenses increased \$6.8 million, or 7.9%, for the year ended December 31, 2010, compared to the year ended December 31, 2009. As a percentage of revenue, these expenses increased to 19.6% for the year ended December 31, 2010 from 18.9% in the year ended December 31, 2009. The increase in

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these expenses exceeded revenue growth due to: (1) costs incurred to close the Jupiter, Florida ROV manufacturing facility; and (2) additional stock-based compensation expense related to the Combination.

Production and Infrastructure Segment Selling, general and administrative expenses increased \$2.7 million, or 6.4%, for the year ended December 31, 2010, compared to the year ended December 31, 2009. As a percentage of revenue, these expenses declined to 16.5% for the year ended December 31, 2010 from 19.1% in the year ended December 31, 2009. The increase in dollar costs was due to increased payroll-related expenses to support activity, especially for production equipment as this product line was introduced into new geographic locations.

Corporate Selling, general and administrative expenses for corporate was \$3.3 million for the year ended December 31, 2010. Corporate costs are not shown separately prior to the Combination as these similar costs were imbedded in the segment results of the legacy companies before August 2, 2010.

Operating income and operating margin percentage

Drilling and Subsea Segment Operating income increased \$15.3 million, or 40.0%, during the year ended December 31, 2010 compared to the year ended December 31, 2009. Operating margin percentage increased to 11.3% for 2010 compared to 8.4% for 2009. The increases in operating income and operating margins primarily resulted from higher gross margins during 2010 as compared to 2009, offset slightly by the increase in selling, general and administrative costs for the same period. Additionally, a loss of \$5.5 million was recognized during the year ended December 31, 2009 for impairment of goodwill caused by the change in market conditions and declining operating results and outlook related to certain subsea product lines.

Production and Infrastructure Segment Operating income increased \$10.5 million, or 86.6%, during the year ended December 31, 2010 compared to the year ended December 31, 2009 primarily due to the increased revenue as discussed above. Operating margin percentage increased to 8.3% in the year ended December 31, 2010 from 5.4% in 2009 as a result of efficiencies achieved on the higher activity levels and overall selling, general and administrative costs rising at a lesser rate than revenue. Further, a loss of \$1.5 million was recognized during the year ended December 31, 2009 for impairment of certain trademark intangible assets.

Interest expense

We incurred \$18.2 million of interest expense during the year ended December 31, 2010, a decrease of \$1.3 million from the year ended December 31, 2009. This decrease was attributable to a reduction in total debt from approximately \$289.9 million at the end of 2009 to \$208.0 million at the end of 2010, partially offset by increased amortization of approximately \$1.8 million of upfront loan costs in connection with the execution of our senior secured credit facility.

Taxes

The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 45.8% for the year ended December 31, 2010 and 34.6% for the year ended December 31, 2009. The tax rate for 2010 is higher than for 2009 primarily due to certain expenses incurred as part of the Combination included in profit before taxes not being deductible for tax purposes. In addition, our U.S. statutory rate in 2010 is 35% while several of the legacy companies in the

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Combination were taxed at a statutory rate of 34% in 2009 due to the size of their respective operations.

Year ended December 31, 2009 compared to year ended December 31, 2008

Revenue

Our revenue for the year ended December 31, 2009 decreased \$295.2 million, or 30.4%, compared to the year ended December 31, 2008. For the year ended December 31, 2009, our Drilling and Subsea Segment and our Production and Infrastructure Segment comprised 67.2% and 32.8% of our total revenue, respectively, compared to 67.7% and 32.3%, respectively, for the year ended December 31, 2008. The revenue decrease by operating segment was as follows:

Drilling and Subsea Segment Revenue decreased \$203.8 million, or 30.9%, to \$455.0 million during the year ended December 31, 2009 compared to the year ended December 31, 2008. Approximately \$136.0 million of this decrease resulted from a decline in drilling product sales due to the sudden and steep reduction in drilling activity reflected by the 42% drop in North American rig count over the periods. As a result of the economic downturn that began in 2008 and the decrease in commodity prices, customers significantly curtailed drilling and completion spending throughout 2009. Consumable products sales and repair services experienced the largest declines in revenue with certain capital products such as manifolds and catwalks remaining more resilient as they worked off 2008 backlog. The remaining decrease resulted from a decline in subsea product sales, primarily because the economic downturn negatively impacted the number of ROVs sold in 2009 and other products and services related to subsea activity.

Production and Infrastructure Segment Revenue decreased \$91.4 million, or 29.1%, to \$222.4 million during the year ended December 31, 2009 compared to the year ended December 31, 2008. The decrease in revenue resulted from our customers' reduced activity levels in the face of the economic downturn that began in 2008 and the resulting lower commodity prices.

Cost of sales and gross margin percentage

Our overall cost of sales decreased \$200.4 million, or 29.0%, for the year ended December 31, 2009 compared to the year ended December 31, 2008. Overall gross margin percentage for the year ended December 31, 2009 decreased to 27.4% compared to 28.9% for the year ended December 31, 2008.

Drilling and Subsea Segment Cost of sales decreased \$129.0 million, or 28.4%, for the year ended December 31, 2009 compared to the year ended December 31, 2008 due to decreases in shipments as reflected in lower revenue. Gross margin percentage for the year ended December 31, 2009 was 28.5% compared to 31.1% for the year ended December 31, 2008. The decrease in gross margin percentage was caused by the severe reduction in production levels in our manufacturing facilities due to decreased customer demand. In response to the economic downturn, our business reacted early and swiftly to preserve margins by closing four North American facilities and significantly reducing its worldwide workforce.

Production and Infrastructure Segment Cost of sales decreased \$71.4 million, or 30.0%, for the year ended December 31, 2009 compared to the year ended December 31, 2008 due to decreases in shipments as reflected in lower revenue. Gross margin percentage for the year ended December 31, 2009 improved to 25.2% compared to 24.2% for the year ended December 31, 2008. The improvement in gross margin percentage year over year was achieved as a result of

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management's focus on controlling costs. We also achieved better margins from our Gainesville, Texas production equipment manufacturing facility in 2009 as it began operations in mid-2008 and reached full production levels by late 2008.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased \$18.4 million, or 12.5%, for the year ended December 31, 2009 compared to the year ended December 31, 2008. As a percentage of revenue, selling, general and administrative expenses increased to 19.0% for the year ended December 31, 2009 from 15.1% for the year ended December 31, 2008. The decrease in selling, general and administrative expenses by each segment was as follows:

Drilling and Subsea Segment Selling, general and administrative expenses decreased \$12.3 million, or 12.5%, for the year ended December 31, 2009, compared to the year ended December 31, 2008. As a percentage of revenue, these expenses increased to 18.9% for the year ended December 31, 2009 from 14.9% in the year ended December 31, 2008. The dollar decrease in these expenses was a result of cutting costs across the Drilling and Subsea Segment in 2009. Costs were eliminated by closing several facilities, reducing headcount for sales and administrative support personnel, reducing commissions on lower sales volumes and decreasing marketing costs.

Production and Infrastructure Segment Selling, general and administrative expenses decreased \$6.1 million, or 12.5%, for the year ended December 31, 2009, compared to the year ended December 31, 2008. As a percentage of revenue, these expenses increased to 19.1% for the year ended December 31, 2009 from 15.5% in the year ended December 31, 2008. The dollar decrease was a result of implementing cost saving measures, such as reducing headcount and eliminating certain incentive bonuses.

Operating income and operating margin percentage

Drilling and Subsea Segment Operating income decreased \$28.8 million, or 43.0%, during the year ended December 31, 2009 compared to the year ended December 31, 2008. Operating income includes an impairment loss of \$39.2 million in 2008 and \$5.5 million in 2009. Operating margin percentage, excluding these impairment charges, was 9.6% and 16.1% in 2009 and 2008, respectively. The decrease in this adjusted operating income amount and margin percentage was due to the reduction in revenue and gross margins as discussed above, the increased selling, general and administrative expenses as a percentage of revenue also discussed above and a \$5.5 million loss incurred in 2009 due to an impairment of goodwill related to the change in market conditions and declining operating results related to certain subsea product lines, partially offset by a \$39.2 million loss incurred by this segment during 2008 due to an impairment of goodwill and the intangible assets of customer relationships and non-compete contracts. The 2008 impairment loss was as a result of the change in market conditions for the repair and refurbishment business and the business' declining operating results.

Production and Infrastructure Segment Operating income decreased \$10.6 million, or 46.7%, during the year ended December 31, 2009 compared to the year ended December 31, 2008, primarily due to the decreased revenue as discussed above. Operating margin percentage decreased to 5.4% for 2009 from 7.2% in 2008. Furthermore, we incurred a \$1.5 million loss during the year ended December 31, 2009 for the impairment of certain trademark intangible

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assets, and a \$4.8 million loss during the year ended December 31, 2008 for the impairment of goodwill and certain trademarks, both losses caused by declining economic conditions and operating results.

Interest expense

We incurred \$19.5 million of interest expense during the year ended December 31, 2009, a decrease of \$5.3 million from the year ended December 31, 2008. This decrease is attributable to the substantial reduction in debt levels as all of the businesses focused on reducing investments in working capital and curtailing capital spending. Over the course of the year, debt levels were reduced from approximately \$371.8 million at the beginning of 2009 to \$289.9 million at the end of the year.

Taxes

The effective tax rate was 34.6% for the year ended December 31, 2009 and 48.6% for the year ended December 31, 2008. The tax rate for 2009 is lower than for 2008 primarily due to the impairment of goodwill recorded in 2008 for which there was no tax benefit.

Liquidity and capital resources

Sources and uses of liquidity

Our internal sources of liquidity are cash on hand and cash flows from operations, while our primary external sources include our senior secured credit facility described below, trade credit and sales of our common stock. Our primary uses of capital have been for acquisitions, on-going maintenance or growth capital expenditures, inventories and sales on credit to our customers. We continually monitor potential capital sources, including equity and debt financing, in order to meet our investment and target liquidity requirements. Our future success and growth will be highly dependent on our ability to continue to access outside sources of capital.

Our total 2011 capital expenditure budget is \$60.2 million, which consists of, among other items, investments in expanding our rental fleet of subsea equipment, expanding certain manufacturing facilities and purchasing of machinery and equipment. This budget does not include expenditures for potential business acquisitions.

While we have budgeted \$60.2 million for the year ending December 31, 2011, the actual amount of capital expenditures may fluctuate based on market conditions. For the first six months of 2011, we have incurred \$20.3 million for capital expenditures, which has been funded from borrowings under our senior secured credit facility and internally generated funds. We believe the net proceeds from this offering, together with cash flows from operations and additional borrowings under our senior secured credit facility, should be sufficient to fund our requirements for the remainder of 2011 and for 2012.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. We have expanded and diversified our product portfolio and business lines with the acquisition of eight businesses in 2011 for a total consideration of approximately \$586 million. We used cash on hand and borrowings under our senior secured credit facility to finance these acquisitions. We continue to actively review acquisition opportunities on an ongoing basis. Our ability to make significant additional acquisitions for cash will require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

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On August 2, 2010, we entered into a senior secured revolving credit facility, under which we could borrow up to \$450 million. Effective June 29, 2011, we amended our revolving credit facility to, among other things, increase the commitment to \$750 million. On October 4, 2011, we amended and restated our revolving credit facility to, among other things, convert \$300 million of indebtedness thereunder to a term loan and decrease the revolving commitment thereunder to \$600 million. As of October 4, 2011, we had \$374 million of revolving loans outstanding under our revolving credit facility and \$5 million of outstanding letters of credit. For more information regarding our revolving credit facility, see Our senior secured credit facility.

Our cash flows for the years ended December 31, 2008, 2009 and 2010 and for the six months ended June 30, 2010 and 2011 are presented below (in millions):

	Year ended December 31,			Six months ended	
	2008	2009	2010	2010	June 30, 2011
Net cash provided by operating activities	\$ 112.5	\$ 107.8	\$ 66.0	\$ 25.9	\$ 1.9
Net cash used in investing activities	(160.9)	(10.9)	(19.2)	(5.0)	(84.8)
Net cash provided by/(used in) financing activities	58.9	(94.5)	(54.3)	(21.4)	126.1
Net increase (decrease) in cash and cash equivalents	(12.7)	7.0	(6.5)	(1.2)	45.8
Free cash flow (unaudited)	72.9	92.7	46.4	21.1	(18.6)

A reconciliation of free cash flow to cash flow from operating activities is as follows:

	Year ended December 31,			Six months ended	
	2008	2009	2010	2010	June 30, 2011
Free cash flow Reconciliation:					
Cash flow from operating activities	\$ 112.5	\$ 107.8	\$ 66.0	\$ 25.9	\$ 1.9
Capital expenditures for property and equipment	(39.6)	(15.1)	(19.6)	(4.8)	(20.5)
Free cash flow	\$ 72.9	\$ 92.7	\$ 46.4	\$ 21.1	\$ (18.6)

Cash flows provided by operating activities

Net cash provided by operating activities was \$66.0 million for the year ended December 31, 2010 and \$107.8 million for the year ended December 31, 2009. This \$41.8 million reduction in operating cash flow was primarily due to the significant changes in market conditions, with our business contracting during the global economic downturn in 2009, allowing for reductions in our investments in working capital, and a return to growth with modest investments in working capital during 2010 as the economy recovered. Net cash provided by operating activities was \$1.9 million for the six months ended June 30, 2011, and net cash provided by operations was \$25.9 million for the six months ended June 30, 2010. This change in cash flows was also driven by our investment in working capital due to higher business activity levels as we strategically stocked inventories in our regional distribution centers in order to meet the increased demand.

Net cash provided by operating activities was \$112.5 million for the year ended December 31, 2008 and \$107.8 million for the year ended December 31, 2009. This \$4.7 million reduction in

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operating cash flow was primarily due to the significant changes in market conditions, with our business contracting during the global economic downturn in 2009, partially offset by a reduction in working capital investments in the year ended December 31, 2009.

Our operating cash flows are sensitive to a number of variables, the most significant of which is the level of drilling and production activity for oil and natural gas reserves. These activity levels are in turn impacted by the volatility of oil and natural gas prices, regional and worldwide economic activity and its effect on demand for hydrocarbons, weather, infrastructure capacity to reach markets and other variable factors. These factors are beyond our control and are difficult to predict. For additional information on the impact of changing prices on our financial position, see [Quantitative and qualitative disclosures about market risk](#) below.

Cash flows used in investing activities

Net cash used in investing activities of \$19.2 million for the year ended December 31, 2010 was \$8.3 million higher than for the year ended December 31, 2009. The increase was primarily attributable to investing in property and equipment as market conditions improved. Other than capital required for acquisitions, we expect to fund all maintenance and other growth capital expenditures from our current cash on hand and from internally generated funds. Net cash used in investing activities was \$84.8 million and \$5.0 million for the six months ended June 30, 2011 and June 30, 2010, respectively, a \$79.8 million increase. Of this increase, \$32.7 million was for the Wood Flowline Acquisition, \$23.6 million was for the Phoenix Acquisition and \$9.0 million was for the Specialist Acquisition, while the remaining amount was primarily attributable to increased investments in property and equipment.

Net cash used in investing activities was \$160.9 million for the year ended December 31, 2008 compared to \$10.9 million for the year ended December 31, 2009. This change was primarily due to \$134.0 million of cash used for acquisitions of businesses for the year ended December 31, 2008 compared to \$1.7 million in the year ended December 31, 2009.

Cash flows provided by financing activities

Net cash used in financing activities was \$54.3 million and \$94.5 million for the years ended December 31, 2010 and December 31, 2009, respectively. For the year ended December 31, 2010, we used a net of \$83.4 million to pay down our long-term debt, and in conjunction with the Combination we repurchased \$25 million of our common stock, and we issued \$64.9 million in new shares for cash. The remaining use of cash was primarily for debt issue costs. For the year ended December 31, 2009, we paid down long-term debt by \$94.5 million from internally generated cash flows from operations. Net cash provided by financing activities was \$126.1 million for the six months ended June 30, 2011, primarily from draws on our senior secured credit facility and proceeds from stock issuances, and cash used in financing activities was \$21.4 million for the six months ended June 30, 2010, primarily for the repayment of long-term debt.

Net cash used in financing activities was \$58.9 million for the year ended December 31, 2008 compared to cash provided by financing activities of \$94.5 million for the year ended December 31, 2009. This change was due to \$94.1 million in net payments on long-term debt for the year ended December 31, 2009, compared to \$36.3 million in net borrowings in the year ended December 31, 2008. Also, we received an insignificant amount of proceeds from stock issuances in the year ended December 31, 2009, but we received \$25.7 million in proceeds from stock issuances in the year ended December 31, 2008.

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Our senior secured credit facility

We have an amended and restated senior secured credit facility (the "credit agreement") with Wells Fargo Bank, National Association, as Administrative Agent, and certain other financial institutions. The credit agreement provides for a \$300.0 million term loan and a \$600.0 million revolving credit facility, including up to \$75.0 million for letters of credit and up to \$25.0 million in swingline loans, and matures in October 2016.

As of June 30, 2011, we had borrowings of \$279.6 million under the credit agreement. We had undrawn availability under our senior secured credit facility of approximately \$210 million at December 31, 2010 and approximately \$292 million at June 30, 2011. Effective June 29, 2011, we amended our senior secured credit facility to, among other things, increase the commitment to \$750 million and have incurred an additional \$452.8 million of indebtedness under our senior secured credit facility in connection with our five acquisitions completed after June 30, 2011. On October 4, 2011, we amended and restated the credit agreement to, among other things, convert \$300 million of indebtedness thereunder to a term loan and decrease the revolving commitment thereunder to \$600 million. As of October 4, 2011, we had \$374 million of revolving loans outstanding under our senior secured credit facility and \$5 million of outstanding letters of credit.

It is anticipated that future borrowings under the credit agreement will be available for working capital and general corporate purposes, for permitted mergers and acquisitions, and for permitted distributions. It is anticipated that the senior secured credit facility under the credit agreement will be available to be drawn on and repaid during the term thereof so long as we are in compliance with the terms of the credit agreement, including certain financial covenants.

The credit agreement contains various covenants that, among other things, limit our ability to grant certain liens, make certain loans and investments, make distributions, enter into mergers or acquisitions unless certain conditions are satisfied, enter into hedging transactions, change our lines of business, prepay certain indebtedness, enter into certain affiliate transactions or engage in certain asset dispositions. Additionally, the credit agreement limits our ability to incur additional indebtedness with certain exceptions.

The credit agreement also contains financial covenants, which, among other things, require us, on a consolidated basis, to maintain specified financial ratios or conditions summarized as follows:

Total funded debt to adjusted EBITDA (defined as the "Leverage Ratio" in the credit agreement) of not more than 3.75 to 1.0 for fiscal quarters ending through December 31, 2012, 3.50 to 1.0 for fiscal quarters ending from January 1, 2013 through December 31, 2013, 3.25 to 1.0 for fiscal quarters ending from January 1, 2014 through December 31, 2014 and 3.00 to 1.0 for fiscal quarters ending thereafter (provided that following any senior, unsecured high yield note issuance by the Company, the maximum Leverage Ratio test will be 4.00 to 1.00 for each fiscal quarter after such issuance);

EBITDA to interest expense (defined as the "Interest Coverage Ratio" in the credit agreement) of not less than 3.0 to 1.0; and

Following any senior, unsecured high yield note issuance by the Company, total secured funded debt to EBITDA (defined as the "Senior Secured Leverage Ratio" in the credit agreement) of not more than 2.50 to 1.00.

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We were in compliance with the aforementioned financial covenants at December 31, 2010 and June 30, 2011.

Under the credit agreement, EBITDA is defined to generally exclude the effect of non-cash items, and to give pro forma effect to acquisitions and non-ordinary course asset sales (with adjustments to EBITDA of the acquired businesses or related to the sold assets to be made in accordance with the guidelines for pro forma presentations set forth by the SEC or in a manner otherwise reasonably acceptable to the Administrative Agent under the credit agreement). All of the obligations under the credit agreement are secured by first priority liens (subject to permitted liens) on substantially all of the assets of the Company and its domestic restricted subsidiaries, with exceptions for real property and certain other assets set forth in the credit agreement. Additionally, all of the obligations under the credit agreement are guaranteed by the wholly-owned domestic subsidiaries of the Company.

We have the ability to elect the interest rate applicable to borrowings under the credit agreement. Interest under the credit agreement may be determined by reference to (1) the London interbank offered rate, or LIBOR, plus an applicable margin between 1.75% and 3.22% per annum (with the applicable margin depending upon our ratio of total funded debt to EBITDA) or (2) the Adjusted Base Rate plus an applicable margin between 0.25% and 1.50% per annum (with the applicable margin depending upon our ratio of total funded debt to EBITDA). The Adjusted Base Rate will be equal to the highest of (1) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus one half of 1.0%, (2) the prime rate of Wells Fargo Bank, National Association, as established from time to time at its principal U.S. office and (3) daily LIBOR for an interest period of one-month plus 1.0%. The weighted average interest rates at June 30, 2011 and December 31, 2010 on all outstanding principal amounts of indebtedness under our senior secured credit facility (prior to the amendment and restatement) were 4.5% and 3.0%, respectively.

Interest is payable quarterly for base rate loans and at the end of applicable interest periods for LIBOR loans, except that if the interest period for a LIBOR loan is longer than three months, interest is paid at the end of each three-month period.

If an event of default exists under the credit agreement, the lenders have the right to accelerate the maturity of the obligations outstanding under the credit agreement and exercise other rights and remedies. Each of the following constitutes an event of default under the credit agreement:

Failure to pay any principal when due or any interest, fees or other amount within certain grace periods;

Representations and warranties in the credit agreement or other loan documents being incorrect or misleading in any material respect;

Failure to perform or otherwise comply with the covenants in the credit agreement or other loan documents, subject, in certain instances, to grace periods;

Impairment of security under the loan documents affecting collateral having a fair market value in excess of \$5.0 million;

The actual or asserted invalidity of any material provisions of the guarantees of the indebtedness under the credit agreement;

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Default by us or our restricted subsidiaries on the payment of any other indebtedness with a principal amount in excess of \$20.0 million, any default in the performance of any obligation or condition with respect to such indebtedness beyond the applicable grace period if the effect of the default is to permit or cause the acceleration of the indebtedness, or such indebtedness will be declared due and payable prior to its scheduled maturity;

Bankruptcy or insolvency events involving us or our restricted subsidiaries;

The entry, and failure to pay, of one or more adverse judgments in excess \$20.0 million, upon which enforcement proceedings are commenced or that are not stayed pending appeal; and

The occurrence of a change in control (as defined in the credit agreement).

This offering will not constitute a change in control so long as no person or group (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 with certain exclusions) other than SCF becomes the beneficial owner, directly or indirectly, of 33% or more of our voting stock.

We have entered into derivative contracts to hedge our exposure to interest rate fluctuations on \$158.1 million of the debt outstanding at June 30, 2011. See Quantitative and qualitative disclosures about market risk below for details regarding these contracts.

Obligations and commitments

Our debt, lease and financial obligations as of December 31, 2010 will mature and become due and payable according to the following table (amounts in thousands of U.S. dollars):

	2011	2012-2014	2015	After 2015	Total
Senior secured credit facility	\$	\$ 204,000	\$	\$	\$ 204,000
Other debt	3,209	715			3,924
Derivative liability	2,194	2,162			4,356
Operating leases	10,033	13,424	1,403	6,236	31,096
Letters of credit	8,260	1,169			9,429
Total	\$ 23,696	\$ 221,470	\$ 1,403	\$ 6,236	\$ 252,805

Critical accounting policies and estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. We provide expanded

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discussion of our more significant accounting policies, estimates and judgments below. We believe that these accounting policies reflect our more significant estimates and assumptions used in preparation of our consolidated financial statements.

Revenue recognition

The substantial majority of our revenue is recognized when the associated goods are shipped and title passes to the customer or when services have been rendered, as long as all of the criteria for recognition described in Note 2 to our consolidated financial statements have been met. The only revenue recognition criteria requiring judgment on these sales is assurance of collectability. We carefully evaluate credit worthiness of our customers before extending payment terms other than cash upfront, and historically we have not incurred significant losses for bad debt.

Revenue generated from long-term contracts, typically longer than six months in duration, is recognized on the percentage-of-completion method of accounting. Approximately 14% of our 2010 revenue was accounted for on this basis. There are significant estimates and judgments involved in recognizing revenue over the term of the contract. We generally recognize revenue and cost of goods sold each period based upon the advancement of the work-in-progress. The percentage complete is determined based on the ratio of costs incurred to-date to total estimated costs for the project. The percentage-of-completion method requires management to calculate reasonably dependable estimates of progress towards completion and total contract costs. Each period these long-term contracts are re-evaluated and may result in upward or downward revisions in estimated total costs, which are accounted for in the period of the change to reflect a catch up adjustment for the cumulative impact from inception of the contract to date in the period of the revision. Whenever revisions of estimated contract costs and contract value indicates that the contract costs will exceed estimated revenue, thus creating a loss, a provision for the total estimated loss is recorded in that period.

Revenue from the rental of equipment or providing of services is recognized over the period when the asset is rented or services are rendered and collectability is reasonably assured. Rates for asset rental and service provision are priced on a per day, per man hour, or similar basis. There are typically delays in receiving some field tickets reporting utilization of equipment or personnel requiring us to make estimates for revenue recognition in the period. In the following period, these estimates are adjusted to actual field tickets received late.

Fair value of common stock

In connection with the Combination, the fair value of FOT's common stock was determined using common market pricing principles. This valuation was reviewed by an independent valuation firm utilizing similar principles which rendered fairness opinions in connection with the approval of the Combination by the boards of directors or independent special committees, as applicable, of each of the combining companies. Following the completion of the Combination, we developed a methodology to consistently value our stock on a regular basis to support a variety of corporate and strategic activities. Among these activities are public company benchmarking, accounting for share-based compensation awards and valuing the total purchase price for acquisitions when our shares comprise a part of the consideration. We use the same fair value for our common stock in effect at any particular time across each of these corporate and strategic activities. The methodology we developed used common market pricing principles to produce a fair value per share of common stock that reflects equity market pricing fundamentals, industry activity levels,

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our business and financial performance and our organizational maturity. This methodology was designed to be robust enough to be applied in a consistent manner at each evaluation point to reflect developments in our industry, while at the same time being simple enough so as to minimize management judgment or bias in the calculation of the fair value of our stock.

Our management presented this methodology and the resulting fair value of our common stock to our board of directors at its first regularly scheduled meeting following the Combination for its review and approval. Since the approval of this methodology by the board of directors, management has presented the calculation of the fair value using the same methodology to the board of directors for its review and approval at each subsequent regularly scheduled board meeting, and in July 2011 after we completed a number of acquisitions simultaneously. Management and our board of directors monitor developments at our company and are prepared to re-evaluate and modify the fair value of our common stock in the event that other such significant developments warrant such a re-evaluation and modification between regularly scheduled board meetings.

The basic tenets of our methodology are as follows:

General concept. We use normalized comparable public company trading multiples and apply those multiples to our corresponding financial results and financial projections in order to calculate an implied equity value. We then apply an illiquidity discount to that implied equity value and use that adjusted implied equity value to calculate the fair value per share.

Use of public company comparables. Our board of directors reviewed and approved a group of comparable public companies whose equity market pricing reflected the market's view on key sector, geographic and product type exposure fundamentals similar to those that drive our business. Our board of directors regularly reviews with management the group of comparable companies used for purposes of this analysis and has made modifications to the group of comparable public companies when, in its discretion, such companies were no longer valid comparables or when market data about a company is no longer available. Otherwise, we use the same group of public company comparables each time we perform the fair value methodology.

Normalization. In order to mitigate short term volatility, our methodology averages four identical sets of trading multiples of the comparable public companies over different periods of time. The four periods of time include a current set of multiples and a set from each of the prior three quarters. This helps mitigate short term volatility of the underlying multiples and the resulting impact on the fair value of our common stock while still taking into account changes in the perceptions of the public markets of the fair value of other companies in our industry.

Selected multiples and weighting. Our methodology uses a weighted mix of EBITDA and book value multiples from our public company comparables. We further average the following time periods for each EBITDA-based multiple: (1) prior calendar year; (2) trailing twelve months; (3) current calendar year forecast; and (4) forward two calendar year forecasts. We also average the following book value multiples: (1) enterprise value to adjusted book value; (2) enterprise value to tangible adjusted book value; and (3) market value of equity to book value of equity. Each of these sets of multiples are averaged across the normalization periods described above to produce a time series average multiple for the applicable metric across the applicable period and applied against our corresponding financial results.

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Illiquidity discount. Because our common stock is not publicly traded, common valuation practice dictates that we apply an illiquidity discount to the implied equity value produced by the public company multiples we use in our fair value methodology. Historically we utilized an illiquidity discount of 30% through the February 2011 board meeting. Our board of directors approved this illiquidity discount on the basis of its belief that, in a sale of our common stock in an arms-length transaction, such a discount to the value of our common stock would be applied by the buyer due to the lack of liquidity in the stock and the low prospects for liquidity of that stock in the near term. Commencing with the fair value determination at the meeting of our board of directors in May 2011, the illiquidity discount was reduced to 20%. This reflected our board of directors belief that the prospects for the creation of a liquid market in the near to medium term had been enhanced as a result of our consideration of this offering and our increased organizational maturity. At the same time, our board of directors recognized that there were substantial risks associated with the completion of a transaction that provided liquidity to the holders of our common stock. Thus, our board of directors concluded that it was still appropriate to apply a liquidity discount to the implied equity value of our company. At the board of directors meeting in August 2011, the illiquidity discount was returned to 30%. This was decided in order to reflect: (1) the uncertainty over the timing of this offering due to heightened concerns over the possibility of a return to recession in the world economy, and (2) our assessment that potential public investors of companies like ours were becoming more risk averse, which we believed could impact the valuations of less seasoned companies with a less liquid flotation of shares.

We have applied this methodology consistently since the Combination.

Share-based compensation

We account for awards of share-based compensation at fair value on the date granted to employees and recognize the compensation expense in the financial statements over the requisite service period. Fair value of the share-based compensation was measured using the Black-Scholes model for most of the outstanding options and a binomial model for certain share-based compensation instruments issued by one of the legacy companies. These models require assumptions and estimates for inputs, especially the estimate of the volatility in the value of the underlying share price, that affect the resultant values and hence the amount of compensation expense recognized. We determine the estimate of volatility periodically based on the averages for the stocks of comparable publicly traded companies.

Inventories

Inventory, consisting of finished goods and materials and supplies held for resale, is carried at the lower of cost or market. We continuously evaluate our inventories, based on an analysis of stocking levels, historical sales experience and future sales forecasts, to determine obsolete, slow-moving and excess inventory. While we have policies for calculating and recording reserves against inventory carrying values, we exercise judgment in establishing and applying these policies.

Business combinations, goodwill and other intangible assets

Goodwill acquired in connection with business combinations represents the excess of consideration over the fair value of net assets acquired. Certain assumptions and estimates are

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employed in determining the fair value of assets acquired, evaluating the fair value of liabilities assumed, as well as in determining the allocation of goodwill to the appropriate reporting unit. These estimates may be affected by factors such as changing market conditions, technological advances in the oil and natural gas industry or changes in regulations governing that industry. The most significant assumptions requiring the most judgment involve identifying and estimating the fair value of intangible assets and the associated useful lives for establishing amortization periods. To finalize purchase accounting for significant acquisitions, we utilize the services of independent valuation specialists to assist in the determination of the fair value of acquired intangible assets.

There are also significant judgments involved in estimating the value of any contingent purchase consideration, for example, additional cash or stock consideration to be earned based on the future results of the acquired business. The value of this potential additional consideration is required to be estimated and recorded as part of the purchase accounting for the acquisition in the period when the transaction is effective. Each quarter these estimates must be re-evaluated based on actual results achieved and changes in circumstances, and the contingent consideration marked-to-market with any change in value reflected in profit and loss for the period.

For goodwill and intangible assets with indefinite lives, an assessment for impairment is performed annually or whenever an event indicating impairment may have occurred. We typically complete our annual impairment test for goodwill and other indefinite-lived intangibles using an assessment date of December 31. Goodwill is reviewed for impairment by comparing the carrying value of each reporting unit's net assets, including allocated goodwill, to the estimated fair value of the reporting unit. As of December 31, 2010, we had four reporting units. We determine the fair value of our reporting units using a discounted cash flow approach. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, future operating margins, the weighted average cost of capital, and future market conditions, among others. We believe that the estimates and assumptions used in our impairment assessments are reasonable. If the reporting unit's carrying value is greater than its fair value, a second step is performed whereby the implied fair value of goodwill is estimated by allocating the fair value of the reporting unit in a hypothetical purchase price allocation analysis. We recognize a goodwill impairment charge for the amount by which the carrying value of goodwill exceeds its reassessed fair value. At December 31, 2010, we performed our annual impairment test on each of our reporting units and concluded that there had been no impairment because the estimated fair values of each of those reporting units substantially exceeded its carrying value.

In the third quarter of 2010, we implemented a change in accounting estimate to adjust the useful lives of certain of our customer relationship and distributor relationship intangible assets. This change resulted in an approximately \$2.2 million reduction in the amortization expense in the year ended December 31, 2010, and an increase to net income of \$1.4 million (or \$1.00 per diluted share). We extended the useful lives of these intangible assets based on positive changes in customer attrition rates and due to several factors pursuant to the Combination which further strengthen these relationships.

Income taxes

We follow the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon temporary differences between the

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carrying amounts and tax bases of our assets and liabilities at the balance sheet date, and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. We record a valuation reserve whenever management believes that it is more likely than not that any deferred tax asset will not be realized. We must apply judgment in assessing the realizability of deferred tax assets, including estimating our future taxable income, to predict whether a future cash tax reduction will be realized from the deferred tax asset. Any changes in the valuation allowance due to changes in circumstances and estimates are recognized in income tax expense in the period the change occurs.

The accounting guidance for income taxes requires that we recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. If a tax position meets the more likely than not recognition criteria, the accounting guidance requires the tax position be measured at the largest amount of benefit greater than 50% likely of being realized upon ultimate settlement. If management determines that likelihood of sustaining the realization of the tax benefit is less than or equal to 50%, then the tax benefit is not recognized in the financial statements.

We have operations in countries other than the United States. Consequently, we are subject to the jurisdiction of a number of taxing authorities. The final determination of tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction. Changes in the operating environment, including changes in tax law or interpretation of tax law and currency repatriation controls, could impact the determination of our tax liabilities for a given tax year.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of assets, generally 3 to 19 years. We have established standard lives for certain classes of assets.

We review long-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. In performing the review for impairment, future cash flows expected to result from the use of the asset and its eventual disposal are estimated. If the undiscounted future cash flows are less than the carrying amount of the assets, the asset is impaired. The amount of the impairment is measured as the difference between the carrying value and the estimated fair value of the asset. The fair value is determined either through the use of an external valuation, or by means of an analysis of discounted future cash flows based on expected utilization. The impairment loss recognized represents the excess of the assets carrying value as compared to its estimated fair value.

Effective January 1, 2010, we implemented a change in accounting estimate to adjust the useful lives of marine electronic survey equipment held for rent. This change resulted in an approximately \$3.2 million reduction in the depreciation expense in the year ended December 31, 2010, an increase to net income of \$2.1 million (or \$1.43 per diluted share). We extended the useful lives of these long-lived assets based on our review of their historical service lives, technological improvements in the assets and proven longer useful mechanical and technical lives.

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Recognition of provisions for contingencies

In the ordinary course of business, we are subject to various claims, suits and complaints. We, in consultation with internal and external advisors, will provide for a contingent loss in the consolidated financial statements if it is probable that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If it is determined that the reasonable estimate of the loss is a range and that there is no best estimate within the range, provision will be made for the lower amount of the range. Legal costs are expensed as incurred.

An assessment is made of the areas where potential claims may arise under the contract warranty clauses. Where a specific risk is identified and the potential for a claim is assessed as probable and can be reasonably estimated, an appropriate warranty provision is recorded. Warranty provisions are eliminated at the end of the warranty period except where warranty claims are still outstanding. The liability for product warranty is included in other accrued liabilities on the consolidated balance sheet.

Recent accounting pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06 Improving Disclosures about Fair Value Measurements (ASU No. 2010-06) as an update to Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (ASC Topic 820). ASU No. 2010-06 requires additional disclosures about transfers between Levels 1 and 2 of the fair value hierarchy and disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. ASU No. 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We adopted the required provisions of ASU No. 2010-06. There was no significant impact to our consolidated financial statements.

In June 2011, the FASB issued an update to ASC 220, *Presentation of Comprehensive Income*. This ASU provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either 1) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income; or 2) a two-statement approach which presents the components of net income and total net income in a first statement, immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option in current GAAP that permits the presentation of other comprehensive income in the statement of changes in equity was eliminated. The guidance will be applied retrospectively and is effective for the Company for annual periods beginning on January 1, 2012. Early adoption is permitted. The adoption of this guidance will not have a material impact on our consolidated financial statements.

In December 2010, the FASB issued FASB ASU 2010-28, which affects entities evaluating goodwill for impairment under FASB ASC 350-20. ASU 2010-28, among other things, requires entities with a zero or negative carrying value to assess, considering qualitative factors, whether it is more likely than not that goodwill impairment exists. If an entity concludes that it is more likely than not that

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goodwill impairment exists, the entity must perform step 2 of the goodwill impairment test. ASU 2010-28 is effective for impairment tests performed during an entity's fiscal year beginning after December 15, 2010, with early adoption not permitted. We do not believe the adoption of this ASU will have a material impact on the Company's financial position or results of operations.

Off-balance sheet arrangements

As of December 31, 2010 and June 30, 2011, we had no off-balance sheet instruments or financial arrangements, other than operating leases entered into in the ordinary course of business.

Inflation

Global inflation has been relatively low in recent years and did not have a material impact on our results of operations during 2009 and 2010. Although the impact of inflation has been insignificant in recent years, it is still a factor in the global economy and we tend to experience inflationary pressure on the cost of raw materials and components used in our products.

Quantitative and qualitative disclosures about market risk

We are currently exposed to market risk from changes in foreign currency and changes in interest rates. From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk, but we do not enter into derivative transactions for speculative purposes. A discussion of our market risk exposure in financial instruments follows.

Non-U.S. currency exchange rates

In certain regions, we conduct our business in currencies other than the U.S. dollar and the functional currency is the applicable local currency. We operate primarily in the U.S., Canadian and UK markets, and as a result our primary exposure to fluctuations in currency exchange rates relates to fluctuations between the U.S. dollar and each of the Canadian dollar, the British pound sterling, and, then, to a lesser degree, the Mexican Peso, the Euro and the Singapore dollar. In countries in which we operate in the local currency, the effects of currency fluctuations are largely mitigated because local expenses of such operations are also generally denominated in the local currency. However, there may be instances in which costs and revenue will not be matched with respect to currency denomination and we may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. To the extent that we continue our expansion on a global basis, management expects that increasing portions of revenue, costs, assets and liabilities will be subject to fluctuations in foreign currency valuations.

Assets and liabilities for which the functional currency is the local currency are translated using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected as accumulated other comprehensive income in the stockholders' equity section on our balance sheet. We recorded an adjustment of approximately \$7.8 million to increase our equity account for the six months ended June 30, 2011 to reflect the net impact of the strengthening of other applicable currencies against the U.S. dollar, most of which reflected the relative strengthening of the Canadian dollar and the British pound sterling.

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Interest rates

We are subject to interest rate risk on our floating interest rate borrowings. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

While all of the long-term debt outstanding under our senior secured credit facility is structured on floating interest rate terms, approximately only 43% of our long-term debt outstanding as of June 30, 2011 was effectively subject to fully floating interest rate terms after giving effect to derivative hedging arrangements. A one percentage point increase in the interest rates on our \$279.6 million of indebtedness outstanding as of June 30, 2011 would cause a \$1.2 million pre-tax annual increase in interest expense.

Hedging and use of derivative instruments

We utilize interest rate derivative instruments to hedge our exposure to variable cash flows on a portion of our floating rate debt (i.e., cash flow hedges). These instruments are not used for trading or speculative purposes. We record the fair value of these interest rate derivative instruments on our balance sheet as either derivative assets or derivative liabilities, as applicable. Fair value was estimated using a discounted cash flow approach.

Of these derivative instruments, \$54 million qualify for hedge accounting as they reduce the interest rate risk of the underlying hedged item and were formally designated by us as cash flow hedges at inception. These derivative instruments result in financial impacts that are inversely correlated to those of the items being hedged. Since the terms of the hedged item and the instruments substantially coincide, the hedge is expected to offset changes in expected cash flows due to fluctuations in the variable rate and, therefore, we currently do not expect any ineffectiveness. Changes in the fair value of the instruments designated as cash flow hedges are deferred in accumulated other comprehensive income, net of tax, to the extent the contracts are effective as hedges, until settlement of the underlying hedged transaction. If the necessary correlation ceases to exist or if physical delivery of the hedged item becomes improbable, we would discontinue hedge accounting and apply mark-to-market accounting, with any changes in the fair values of the derivative instruments then recognized in earnings. Amounts paid or received from interest rate derivative instruments are charged or credited to interest expense and matched with the cash flows and interest expense of the debt being hedged, resulting in an adjustment to the effective interest rate.

As of June 30, 2011, we had an interest rate swap agreement to convert variable interest payments related to \$34 million of debt to fixed interest payments. This swap expires in November 2011 and has a fixed rate of 4.9%, plus the applicable margin. As of June 30, 2011, we also had an interest rate collar arrangement to reduce the variability in interest payments related to \$20 million of floating rate debt. This interest rate collar instrument expires in November 2011 and has a floor interest rate of 4.4%, plus the applicable margin, and a cap interest rate of 5.4%, plus the applicable margin. After giving effect to all the derivative instruments we had as of June 30, 2011, the net effective interest rate under our senior secured credit facility as of June 30, 2011 was 5.1%. Our balance sheet at June 30, 2011 included a current derivative liability of \$0.9 million related to these interest rate swap agreements.

Approximately \$104 million of our derivative instruments were not identified and designated for hedge accounting at inception. Of these swaps, \$75.0 million expire in August 2013 and have a

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fixed rate of 1.83% plus the applicable margin and \$29 million of the swaps expire in March 2012 and has a fixed rate of 1.99%, plus the applicable margin. These derivatives are recorded at fair value, which is measured using the market approach valuation technique. At December 31, 2010 and June 30, 2011, the fair value of these swap agreements was recorded as a long-term liability of \$2.2 million and \$2.2 million, respectively. Related to these swaps, we recorded \$0.9 million of interest expense and \$1.0 million as interest income in the year ended December 31, 2010 and 2009, respectively.

The counterparties to our interest rate derivative instruments are major international financial institutions with investment grade credit ratings.

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Business

Our company

We are a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. We design and manufacture products and also engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. In 2010, approximately 41% of our pro forma revenue was derived from the sale of capital products, while approximately 52% was derived from consumable products, spare parts or aftermarket services, with the balance of the revenue coming from rental or other sources. Our capital products are directed at drilling rig new build, upgrade and refurbishment projects; subsea construction and development services; the placement of production equipment on a per well basis and downstream capital projects. Our highly engineered systems are critical components used on drilling rigs or in the course of subsea operations, while our consumable products are vital to maintaining efficient and safe operations at well sites, within the supporting infrastructure and at processing centers and refineries. Our revenues are generated throughout land and offshore markets and across several international regions, with 43% of our 2010 pro forma revenue derived outside of the United States.

We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, heavy oil producers, land and offshore drilling contractors, well intervention service providers, subsea construction and service companies, land and offshore pipeline construction companies, pipeline operators and refinery and petrochemical plant operators. Other customers include land and offshore mining companies, telecommunication companies, offshore renewable wind farm operators, government agencies and scientific research organizations. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems. Our goal is to be the supplier of choice for our customers by offering innovative, reliable and cost effective products, and by investing in long-term relationships that add value to our customers' operations.

Our business consists of two segments:

Drilling and Subsea Segment. We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. This segment contributed \$626 million, or 66% to our 2010 pro forma revenue.

Subsea solutions. We design and manufacture subsea capital equipment; specialty components and tooling; and applied products for subsea pipelines; and we also provide a broad suite of complementary subsea technical services and rental items. We have a core focus on the design and manufacture of unmanned submarines known in the industry as ROVs as well as other specialty subsea vehicles. We believe that our Perry and Sub-Atlantic vehicle brands are among the most respected in the industry. Our related technical services complement our vehicle offering by providing the market with a broad selection of critical product solutions and rental items that enhance our customers' ability to operate in harsh subsea environments. We have a long tradition of working with customers to develop

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innovative product solutions to address the increasingly complex challenges of deepwater operations.

Downhole products. We design and manufacture downhole products that serve the well construction and production enhancement markets. Among the products we supply are proprietary Davis-Lynch cementing and casing tools, such as float equipment, stage tools and inflatable packers, as well as Cannon downhole protection solutions for permanent gauges, SSSV control lines, ESP cabling and other downhole control lines and flatpacks.

Drilling products. We provide both drilling consumables and capital equipment, including powered and manual tubular handling equipment, specialized torque equipment, customized offline crane systems, drilling data acquisition management systems, pumps, valves, manifolds, drilling fluid-end components, pressure control equipment for both coiled tubing and wireline well intervention operations and a broad line of items consumed in the drilling process. We have a core focus on products that enhance our customers' handling of tubulars on the drilling rig. Our drilling capital equipment offering is concentrated on targeted, high value added products and equipment where we have identified a clear market opportunity, such as our Wrangler branded catwalks and iron roughnecks.

Production and Infrastructure Segment. We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. This segment contributed \$329 million, or 34% to our 2010 pro forma revenue.

Flow equipment. We design, manufacture and provide flow equipment to the well stimulation, testing and flowback markets. Our product offering includes the critical components typically found in the flow equipment train from the well stimulation pressure pump to the manifold at the wellhead. These components routinely encounter high pressures, requiring frequent refurbishment or replacement. We also provide related flow equipment recertification and refurbishment services, which are critical to the safe and reliable operation of completion activities.

Surface process and pipeline equipment. We design, manufacture and provide engineered process systems and related field services from the wellhead to inside the refinery fence. Once a well has been drilled, completed and brought on stream, we provide the well operator-producer with the process equipment necessary to make the oil or gas ready for transmission. Our engineered product offering includes a broad range of separators, packaged production systems, tanks, pressure vessels, skidded vessels with gas measurement, modular process plants, headers and manifolds. We also provide specialty pipeline construction equipment on a rental basis.

Valve solutions. We design, manufacture and provide a wide range of industrial valves that principally serve the upstream, midstream and downstream markets of the oil and gas value chain. We provide a comprehensive suite of ball, gate, globe, check and butterfly valves across a wide range of sizes and applications. Our manufacturing and supply chain systems enable us to design and produce high-quality, engineered valves, as well as provide standardized products, while maintaining competitive pricing and minimizing capital requirements.

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Current trends in our industry

We are currently focused on the following trends that we believe will positively affect our business in the coming years. The majority of these are secular growth trends that we believe will outpace general industry growth.

Increasing complexity of well construction. As conventional sources of oil and gas are depleted, our industry continues to develop new well construction technologies and techniques that allow operators to recover more hydrocarbons from each well and make previously uneconomic reservoirs profitable. These techniques, most pronounced in the North American market, include drilling deeper, more highly deviated well paths, increasing the number of hydraulic fracturing stages and generally employing more complex completion practices on the surface and downhole. This trend is driving demand for new products and equipment that are specifically designed to address these new requirements. As these practices mature and spread to international markets, we believe that the market for the associated products and technologies could significantly expand.

Growing service intensity associated with unconventional resources. The dramatic growth in the development of unconventional shale and tight sand formations, principally in North America, is placing increasing demands on the service equipment. In the U.S., 57% of the active land rigs, as of October 19, 2011, are drilling horizontal wells, the well path best suited to developing shale and tight sands, compared to 19% of the active land rigs as of five years ago, according to data from Baker Hughes. This change in development activity requires investment in new equipment to address the unique demands of these resource plays and places a much greater strain on drilling and completion equipment, which results in shorter replacement cycles for capital equipment and consumables, and drives greater demand for maintenance and refurbishment activity. The demands often vary from basin to basin, which we believe affords us opportunities to develop localized products solutions through close working relationships with service companies and operators. As the industry adapts to these increased demands, we believe that there will be significant opportunities to bring new products and equipment to market that have been designed and engineered with these new challenges in mind.

Source: Baker Hughes Incorporated

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Increasing investment in subsea equipment and related services. As the industry develops more deepwater fields, the amount of subsea infrastructure is expected to continue to increase and the ability of service companies and producers to control operations in a safe and effective manner will become more challenging. Demand for subsea equipment and systems is increasing in response to large exploration discoveries in frontier offshore areas. There is also a growing inclination among offshore producers to develop and tie back smaller satellite fields in mature offshore basins to existing production infrastructure. To accommodate the increase in satellite tie-backs in mature fields, a significant number of multi-service vessels have been built or are under construction that are capable of tree installation, small diameter pipelay and operations in ROV support mode. As offshore exploration activities continue to push into ultra deepwater, a new generation of work class ROVs will be required for subsea construction activities. Concurrently, the industry is exploring ways to move certain equipment and processes from production platform topsides to the seabed to save space and enhance flow rates from subsea wells. This growing complexity is expected to result in greater demand for technologies and products that are specifically designed to help service companies and producers gain situational awareness and preserve operational effectiveness. In addition, maintaining and servicing this additional subsea infrastructure is expected to become a larger market as the number of subsea well completions increases and the population of producing subsea wells ages.

Source: Infield Systems Limited

Heightened focus on product maintenance and certification. Our customers and the relevant regulatory authorities are increasingly focused on product and equipment integrity, particularly in applications or environments in which products are exposed to high pressure, high temperature or corrosive elements. In many of our product areas, our customers require recertification of products on a periodic or per use basis. Depending on the product, our recertification process tests certify a variety of measurable factors, such as integrity of metallurgy, wall thickness and pressure tests. We have observed many of our customers implementing more regular and rigorous maintenance and recertification programs for equipment with long useful lives, which we believe could increase the demand for aftermarket services and parts across many product categories. We believe that the demand from our service customers stems from a desire to increase utilization, and that they welcome a reliable

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supplier who can coordinate maintenance and recertification cycles to increase utilization of their equipment. Importantly, we have also observed that operator producers encourage service companies to obtain third party recertification to help increase the level of safety on the well site.

Increased capital spending in the oil and gas industry. The growing global demand for energy has resulted in substantial capital spending increases by oil and natural gas producers. According to Spears & Associates, annual global oilfield capital spending has increased from \$85 billion in 2000 to \$259 billion in 2010, representing a compounded annual growth rate of 12%. Spears & Associates projects capital expenditures will rise to \$275 billion in 2011.

Source: Spears & Associates

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Recovery in global drilling activity and new rig replacement cycle. As global drilling activity has steadily recovered since the 2009 economic downturn, there has been a corresponding increase in new build rig activity as operators require newer technology to meet increasingly challenging drilling conditions, with a focus on mobility, drilling efficiency, power and safety. According to RigLogix, as of October 18, 2011, 101 new offshore rigs have been ordered since January 2010, with an aggregate price of over \$37 billion. Additionally, 59% of all currently deployed offshore rigs were commissioned prior to 1990, generating a need for replacement rigs that employ the latest drilling and safety equipment. We believe this trend will continue to fuel a high level of capital investment in drilling rigs, which presents an opportunity for capital equipment manufacturers and value added component suppliers.

Source: RigLogix

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Development of heavy oil reserves in Canada. Canadian heavy oil reserves offer a large, stable and reliable source of oil for North America. Recent advances in technologies and development practices have lowered both the cost of producing these reserves and the environmental impact of these operations. The lowered cost of production, combined with a stable and robust outlook for oil prices, have enabled the heavy oil producers to undertake long-term development initiatives. CAPP has estimated total Canadian heavy oil crude production, including oils sands, will increase from 1,845 Mbpd in 2010 to 3,981 Mbpd by 2015, representing a compound annual growth rate of 5%. We believe that this trend will continue, and that opportunities to provide reliable severe service products used in the heavy oil development process will offer a long-term growth market.

Source: Canadian Association of Petroleum Producers

While we believe that these trends will benefit us, our markets may be adversely affected by industry conditions that are beyond our control. Any prolonged substantial reduction in oil and gas prices would likely affect oil and gas drilling and production levels and therefore would affect demand for the products and services we provide. For more information on this and other risks to our business and our industry, please read **Risk factors** **Risks related to our business.**

Our business strategy

Our objective is to build a leading global oilfield products company that supplies high quality, mission critical products and related aftermarket services, serving customers globally across the oil and gas value chain. We intend to accomplish this through organic growth of our existing product capability and by disciplined acquisition of small to medium sized companies to strengthen our current offering or fill targeted product gaps. Our intent is to offer a broad range of capital equipment, replacement parts and consumable items that support the drilling, completion and production phases of the well development cycle, as well as the related land and subsea infrastructure requirements. A core part of our strategy is to preserve and enhance our current business mix of onshore and offshore products; our balanced exposure to a variety of attractive global markets; and our broad range of capital equipment and consumable products that support the development of oil, gas, heavy oil, and other natural resources.

We intend to be our customers' supplier of choice by offering safer, more effective products and by investing in long-term relationships that add value to our Company and our customers.

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operations. We design and manufacture products and engage in aftermarket services, parts supply and related services that complement our product offering. Our offering is enhanced by designing, manufacturing and providing the highest quality products, and not by competing with purchasers of our equipment by operating our equipment in a services capacity. We measure our success in terms of customer satisfaction, safety and financial performance.

We intend to accomplish our strategic objectives and capitalize on the key long-term industry growth trends through the execution of the following elements:

Tailor our product offering and capacity to customer spending. On an annual basis, we conduct a bottoms-up analysis of the sources and drivers of our revenue. Our analysis is focused on various types of revenue splits and exposures, including: (1) phases of the life of the well; (2) geographic exposure by shipment destination; (3) land or offshore application; (4) product purchase cycles; and (5) commodity mix. This process relies on a combination of financial analysis and management estimation. Our analysis of our 2010 pro forma revenues is as follows:

As part of the bottoms-up analysis described above, we also estimate the broad industry drivers of our business. We believe that our 2010 pro forma revenue was strongly driven by North American unconventional resource developments, global deepwater development activity, shallow offshore activity and international land activity, with lesser contributions from Canadian

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heavy oil developments and downstream activity. Although acquisitions may cause fluctuations in our business mix, we intend to preserve and enhance the diversity of our business as a core part of our strategy. We believe this diversity reduces the impact of the volatility of any single well cycle phase or equipment spend cycle on our financial performance. A description of how we define each of the categories within each revenue split above is included in the Glossary beginning on page A-1 of this prospectus.

Leverage our product lines strengths across our platform. Each of our respective product lines has particular strengths that can be leveraged across the entire platform. We intend to cross-fertilize technologies, share research and development initiatives and leverage key geographic, supply chain and customer strengths to grow and improve the profitability of our overall business. For example, we have an ongoing effort to leverage our sophisticated subsea ROV controls systems and engineers to improve our control system offering associated with our drilling capital equipment. In addition, we are using our surface production equipment distribution footprint to accelerate our ability to serve completion product customers in new geographies. We are also leveraging our relationships with oil and natural gas producers through other product lines to pull through our valve brands from their traditional distribution channels.

Expand our geographic presence. We intend to enhance our access to key global markets and to grow or establish our presence across the North American unconventional resource basins. We also plan to build upon our existing presence in the North American, North Sea, Middle East, South American and Asia Pacific regions through deployment of sales, distribution, service and manufacturing resources. We have recently established sales offices in Brazil and Australia, and we are actively expanding these locations. In the Middle East, we currently have a sales office in Dubai and are seeking to expand our presence in the Middle East over the long-term. In new international markets, we often build critical mass through a sales, service and marketing focused presence, which we follow with more significant manufacturing investments. We believe this expansion strategy provides more points of contact with our customers, allowing us to respond more quickly to their needs. Within North America, some of the largest products we offer through our Production and Infrastructure Segment are most effectively manufactured in close proximity to these unconventional resource plays. For example, our surface production and process equipment achieves a significant shipping cost advantage if we manufacture it in the target basin. It also affords us the opportunity to help manage our customer's inventory of production and process equipment to ensure timely installation when a well comes on stream. For this reason, we are in the process of opening two new pressure vessel and tank manufacturing facilities in Pennsylvania to provide equipment and installation service in the developing Marcellus resource play. Our pipeline equipment, flow equipment business and related recertification and refurbishment service benefit from this type of expanded geographical footprint by providing a local presence for customers operating in this area.

Invest in manufacturing capacity and excellence. We focus on the continuous improvement of our manufacturing processes and quality controls, which are vital to ensuring product reliability. We also continue to invest in expanding our manufacturing capacity by increasing output, upgrading machinery or adding roofline in strategically important geographies. We believe that in certain product lines, particularly those sold into the North American unconventional resource plays, locating manufacturing and service capabilities in close proximity to field locations improves response time, reduces freight costs and enhances customer service.

Pursue disciplined growth through acquisitions. We have a track record of successfully growing our earnings and product offerings by making attractive acquisitions. We intend to continue to

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selectively pursue acquisitions that increase our exposure to the most important growth trends in the oil and gas industry, fill critical product gaps and expand our geographic scope. With a strong balance sheet and sufficient financial resources, we believe that we can continue to acquire companies in high growth product areas and expose the acquired product lines to new customers and distribution channels, while preserving the entrepreneurial attributes that made them attractive on a stand-alone basis.

Develop new products. We conduct strategic reviews to identify underserved market opportunities and invest in continuous product development efforts. We believe this process allows us to enhance our exposure to key secular trends and serve our customers' needs more effectively. We have developed strong working relationships with our major customers, several of which routinely approach us with requests for solutions to specific application challenges. We plan to continue to invest in new product engineering capabilities and leverage our expertise to address customer needs. Recent examples include the land and offshore versions of our Wrangler Roughneck, a critical makeup and breakout tool for tubulars on a drilling rig, and our subsea ROVDrill, a unique tool designed to perform subsea drilling functions independent of the support vessel while using only the associated ROV for power and control.

Focus on product quality and customer service. We have a track record of providing innovative, reliable, fit-for-purpose products at competitive prices while remaining responsive to the needs of our customers. We work closely and flexibly with our customers on delivery timing and service after the sale. We seek to ensure that our businesses have the facilities and personnel to maintain the highest level of quality and service as we grow around the world.

Our competitive strengths

We believe that we are well positioned to execute our strategy based on the following competitive strengths:

Broad product offering with exposure to key long-term industry trends and a diverse customer base. Our exposure to a mix of consumable products, capital products and aftermarket parts and services enables us to participate in the construction, capacity expansion, maintenance, upgrade and refurbishment phases of the energy cycle. In addition, we have exposure to multiple sectors of the oil and gas industry and a diverse mix of customers across the full oil and gas value chain. We believe our broad product offering, diversified exposure to industry trends and extensive customer base reduces our dependence on any one phase, purchase cycle, segment or region and should result in more stable financial results.

Focus on critical peripheral products. Many of our products, particularly those serving the drilling and well stimulation markets, are non-discretionary components that represent a small percentage of the life cycle cost associated with large capital equipment. We believe that focusing on specialized, peripheral products affords us full exposure to the most powerful investment trends in the oil and gas industry while insulating us from the intense competitive environment and construction risks often associated with selling the largest capital equipment packages.

Solid base of recurring revenues from consumable products. In 2010, we generated approximately 52% of our pro forma revenues from consumable products, spare parts or aftermarket parts and services, which are critical to large capital equipment or energy infrastructure. In some cases, these products must be replaced multiple times throughout the life

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cycle of the related capital equipment or infrastructure installations. These products have replacement cycles ranging from a few months to a few years, resulting in a stable base of recurring revenues. We often complement these products with a recertification and refurbishment service, which helps us preserve strong customer relations. We have also observed that our customers often return to the same vendors for replacement parts, lending further revenue stability and visibility.

Experienced management team with proven public company track record. Our executive officers and senior operational managers have an average of over 30 years of experience in the oilfield manufacturing and service industry. Each of our top three operational executives served as the chief operational officer of one or more large publicly held oilfield service companies or of a significant division thereof. We believe their collective background provides our management team with an in-depth understanding of our customers' needs, enhances our ability to deliver customer-driven solutions and allows us to operate effectively throughout industry cycles. Several members of our management team were executives or directors at one of the five companies that combined to form Forum Energy Technologies, Inc. in August 2010.

Multiple avenues for growth and strong cash flows. We are focused on a core set of product platforms that we believe offer strong long-term growth. The breadth of our product offering affords us multiple organic growth avenues in which to deploy our capital, and we invest in the highest value opportunities that meet our return objectives and further our strategic goals. Similarly, we believe the scope of available acquisition opportunities will be enhanced by the numerous strategic directions available to us. In the face of particularly strong competition for acquisitions in a specific sector, we can deploy capital to other areas of our Company that afford better relative value. We also believe that our breadth and size allows us to meaningfully change our financial profile and business composition with modestly sized acquisitions. Finally, our manufacturing operations are not capital intensive to maintain or expand, which allows us to generate strong cash flow. This provides us with capacity to finance organic growth opportunities with internally generated resources.

Proven ability to grow earnings and improve product offering through a focused acquisition strategy. We have a strong track record of strategically targeting key product opportunities, completing accretive transactions, and effectively integrating these businesses. We have a disciplined acquisition strategy that allows us to develop proprietary deal flow by identifying emerging industry trends, identifying existing platforms positioned to capitalize on these trends, and in some cases isolating acquisition opportunities that are largely missed by our competitors due to smaller size and scale. Each of the original five companies that combined to form Forum Energy Technologies, Inc. was itself the result of a similar acquisition strategy focused on a specific industry growth theme. Our current acquisition strategy is a continuation of that successful model. For example, shortly after the Combination, we undertook a focused effort to target key product lines that enhanced our existing offerings. We consummated three acquisitions, including Specialist, which complements our existing subsea products offering, and AMC and P-Quip, both of which enhance our drilling product offering. After the Combination, we also undertook a strategic effort to identify two new product areas that provide exposure to targeted growth markets: (1) downhole products, and (2) flow equipment related to well stimulation. In the downhole market, we focused on proprietary and niche consumable products related to the well construction, completion and production enhancement processes, which included Davis-Lynch and Cannon Services. We successfully completed these two acquisitions in 2011 to form our new downhole products line. Similarly, in the well stimulation market we

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developed and executed an acquisition strategy focused on consumable flow equipment used in well fracturing and flowback processes. We have made three acquisitions in 2011 in this area, including WFP, Phoinix and SVP Products. Combined with the follow-on deployment of organic growth capital, our flow equipment product line is our fastest growing.

Customer responsive product innovation. We have grown our business by being responsive to customer needs and developing strong relationships at multiple levels of our customers' organizations. We believe our ability to develop new products is enhanced because of these customer relationships. Our experienced engineering and technical staff has partnered with our customers to design and develop new products that add value to their operations or reduce their total cost of doing business. As a result, we have developed and commercialized a number of new products that have improved the efficiency and safety of our customers' operations including our powered Wrangler catwalk and iron roughnecks, powered mousehole tool, Perry ROVDrill, low profile urban gas processing unit and others.

Business segments

We operate two business segments: Drilling and Subsea and Production and Infrastructure. The table below provides a summary of the proportional revenue contributions from our two business segments and our primary geographic markets over the last three years.

	Percentage of revenue year ended December 31, Pro forma			
	2008	2009	2010	2010
Drilling and Subsea	68%	67%	63%	66%
Production and Infrastructure	32%	33%	37%	34%
Total	100%	100%	100%	100%
United States	56%	52%	55%	
Canada	11%	8%	9%	
Other International	33%	40%	36%	
Total	100%	100%	100%	

Drilling and Subsea Segment

We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. The top five customers in our Drilling and Subsea Segment together accounted for approximately 27.8% of that segment's revenue during the year ended December 31, 2010, with no single customer representing as much as 10% of our consolidated revenue during this same period. We offer these products and related services through three primary business lines.

Subsea solutions

We design and manufacture subsea capital equipment, specialty components and applied products for subsea pipelines, and also provide a broad suite of complementary subsea technical services and rental items. We have a core focus on the design and manufacture of ROVs as well as other specialty subsea vehicles. We believe that our vehicle brands are among the most respected

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in the industry. Our related technical services complement our vehicle offering by providing the market with a broad selection of critical product solutions and rental items that enhance our customers' ability to operate in harsh subsea environments. We have a long tradition of working with customers to develop innovative product solutions to address the increasingly complex challenges of deepwater operations.

The primary drivers impacting our subsea business are global offshore activity, subsea construction spending, subsea pipeline construction, and growth in deepwater resource developments. A majority of our subsea sales are driven by capital projects, with a smaller portion associated with field development activity and general offshore operations expenditures. We believe that the increasing complexity of deepwater developments will create demand for our full range of subsea products and related services.

Subsea vehicles

We are a leading designer and manufacturer of a wide range of ROVs to the offshore subsea construction, observation and related service markets. The market for subsea ROVs can be segmented into three broad classes of vehicles based on size and category of operations: (1) large work-class vehicles for subsea construction activities, (2) drilling-class vehicles for use around an offshore rig and (3) observation-class vehicles for inspection and light manipulation. We are a leading provider of work-class and observation-class vehicles.

We believe that our Perry and Sub-Atlantic branded ROVs are among the most reliable, best performing and well-known in the industry. We design and manufacture large work-class ROVs through our Perry brand. These vehicles are among the heaviest duty, most powerful subsea ROVs in the market and are principally used in deepwater construction applications. Throughout its over 50 year history, Perry has delivered over 500 such systems. The largest vehicles, our Triton® series of work-class ROVs, weigh as much as five and one-half tons, provide up to 250 horsepower, have payload capacities exceeding 500 pounds and are capable of working in depths exceeding 4,000 meters. Our Sub-Atlantic branded vehicles have served the observation class market since 1997. Among the smallest class of ROVs in the industry, these all-electrical vehicles are principally used for inspection, survey, and light manipulation and serve a wide range of industries. We currently offer six sub-classes of all-electric ROVs with a broad range of capabilities.

In addition to ROVs, we design and manufacture specialty vehicles that are primarily used in subsea trenching operations. Larger than a work-class ROV, these vehicles travel along the sea floor conducting digging, installation and burial operations. Providing over 1,200 horsepower, the largest of these subsea trenchers can cut over three meters deep into the seafloor to lay pipelines, power cables or communications cables. Our Perry branded specialty vehicles have dug and buried a significant amount of the existing subsea communications cables that exist around the world today. In addition to ROVs and trenchers, we also design, engineer and manufacture small submarines used to perform rescue operations for large military submarines.

As the complexity of subsea architecture has increased with operating depths, the subsea industry has come to rely increasingly on ROVs to conduct complex tasks to ensure safe, reliable and efficient operations. Underpinning the reliability of the most sophisticated ROVs that operate in the harsh deepwater environment is the ROV control system. The Perry branded ICE Real Time Control System is an advanced ROV control system designed for deepwater, work class

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ROV applications. ICE is a proprietary, all-in-one solution offering onboard processing, data communication, sensor circuitry, advanced diagnostics and power regulation. Similarly, as the demands have increased on our smaller, observation class ROVs, we have engineered and developed a robust, user-friendly control system to serve this growing market. For use with our Sub-Atlantic branded vehicles, we have developed the new subCAN control system, which connects to standard topside equipment running a Window® based graphical user interface. This enables control of, and communication with, both the ROV and associated equipment. To preserve our competitiveness in the subsea sector, we believe we must be a leader in the core control systems associated with ROVs because we believe that the market for sophisticated subsea control and manipulation is growing and will extend beyond ROVs to other critical seafloor equipment.

Our subsea vehicle customers are primarily large offshore construction companies, but also include a range of non-oil and gas industry entities, such as navies, fire departments, maritime science and geosciences research organizations, offshore wind power companies and other industries operating in marine environments. Subsea vehicle sales are principally driven by large subsea construction spending cycles, and capital build programs at the offshore and subsea services companies. Our large installed base, combined with the 50-year track record of the Perry brand and our strong customer service orientation, are key factors in our ability to compete successfully in this sector.

Subsea products

In addition to subsea vehicles, we are a leading manufacturer of unique subsea products and components. Our suite of subsea products leverages our core strength in vehicles, but also provides a broad selection of niche subsea product solutions that result from our many years of experience with vehicles.

We design and manufacture a group of important products that are used in and around vehicles. For example, we manufacture key ROV components, such as a wide range of Sub-Atlantic branded ROV thrusters. We design and manufacture thrusters for incorporation into our own vehicles as well for sale to other ROV manufacturers. We also design and manufacture a tether management system (TMS). The TMS stores and deploys the ROV tether, thus decoupling the ROV from the motion of the surface vessel and enabling operations within a larger radius. The TMS is critical to the reliable and safe operation of subsea vehicles, and we have a long history of manufacturing these systems for use across our entire range of ROVs. We also provide a broad suite of subsea tooling, both industry standard and custom designed for unique subsea applications. Industry standard tooling includes hot stabs, cable cutters, torque tools and indicators. Our recent acquisition of Specialist complemented and enhanced our range of subsea tooling, and has provided us with a greater capacity to respond to customer needs. Our customers frequently come to us with unique subsea challenges and we attempt to quickly develop custom tools to solve these specialized problems. Examples of our specialized tooling include: a riser repair system, a manipulator for nuclear decommissioning and control systems for subsea well intervention. In addition to tooling associated with ROVs, we also manufacture hydraulic power units, valve packs, and control systems.

Among our newest subsea products is an innovative seafloor coring tool named ROVDrill . Lowered to the seafloor and powered by a work class ROV, it is capable of retrieving geologic core samples using conventional diamond drilling techniques in water depths that exceed

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3,000 meters. With a relatively small footprint, the ROVDrill can be flown into any region of the world on short notice and be deployed on any of a wide range of vessels, without the need for large specialized vessels or drill ships of limited availability that command a high day rate. We are in the process of commercializing the third generation of this tool, after recently performing work in the South Pacific to support a customer in delineating the extent of a subsea mineral deposit.

We also develop simulation software under the VMAX brand that allows customers to simulate complex deepwater operations before deploying expensive equipment spreads. This product is both a stand-alone product and can also be a value-added component of our largest ROVs. Our latest version of this product is an extensive upgrade that allows oil and gas operators, service companies and engineering firms to have full control of subsea field scenario development while providing cutting edge graphical advancements and customized user interface. As the complexity and difficulty of deepwater projects increase, we believe that the demand for this and other cost-saving and safety-enhancing tools will increase.

In addition to vehicle-related subsea products, our Offshore Joint Services (OJS) brand is a leading provider of applied protective coatings on rigid subsea pipeline field joints, spools, and structures. The OJS brand has a 25 year history and is a recognized worldwide leader in this sector. Our field joint coatings address the corrosion protection, thermal insulation and concrete weight coating infill requirements. We offer proprietary and patented applied products that we believe provide significant speed, quality, reliability, safety, and environmental benefits to our customers. We believe that the chemistry of these fast curing applied products, along with the specialized machinery and crew used to apply the product, are vital ingredients in providing a safe and reliable product that will withstand the pipe-laying process and decades of use on the seafloor.

We mobilize for offshore pipeline construction operations globally out of facilities in Houston, Texas and Batam, Indonesia. Our primary customers in this product line are offshore construction companies that own or lease the pipe laying vessel. From time to time, we are directly hired by operators, oil and gas exploration and production companies and welding subcontractors. These services are performed at our customers sites, either onboard an offshore pipe lay vessel or at an onshore fabrication yard.

Technical services and subsea rental lines

We also maintain an extensive fleet of subsea rental items and provide our customers with complementary subsea technical services. Among the technical services we offer is the provisioning of ROV pilots and other offshore personnel on a contract basis for those customers who do not employ their own on a full time basis. Branded UKPS, this business line operates out of a main office in Great Yarmouth, United Kingdom, and serves subsea construction and offshore service companies globally.

Our VisualSoft product line provides another related technical product that reinforces our strength in subsea vehicles and products. We sell or rent VisualWorks and VisualDVR Digital Video Systems that provide a complete solution for digital video capture, playback, processing and reporting of pipeline, structural or other inspection survey data. These products are often used in conjunction with the operation of inspection class ROVs or diving personnel when conducting survey work. VisualWorks systems are also in operation supporting clients involved in

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detailed inspection surveys of flooded tunnels and mines, underwater archaeological sites and seabed environments. This equipment is complementary to our inspection class vehicles and augments our capabilities and offering to our customers.

Operating for more than fourteen years, Geoscience Earth and Marine Science (GEMS) is our geophysical and geotechnical engineering group that provides consulting services to the oil and gas, and marine industries. We typically provide an interpretation service based on the analysis of third party subsea data provided by clients. In recent years, the business has broadened into managing every phase of project development, including scope of work, liaising with data acquirers, interpretation and analysis. The majority of the work performed by GEMS is in the Gulf of Mexico, although it also carries out work internationally, particularly in West Africa. Our primary customer base consists of oil and gas operator producers. These services are focused on the earliest stages of life of field development and provide us with unique insights into future subsea construction and development work, which we believe provides us with a competitive advantage.

We also have an extensive rental fleet of critical subsea equipment and products. Our DPS Offshore branded rental fleet provides electronic marine equipment for survey, ROV and dynamic positioning applications. Importantly, our customers often rely on our expertise in the provisioning of this equipment and ask us to design a customized rental equipment package for their intended operation or application. We often sell equipment from this fleet as well. In keeping with our efforts to provide top quality customer service, we offer fleet management services to our customers, including equipment repair and calibration, as well as the provision of specialist personnel to assist with equipment integration and installation. To compete with other rental companies we endeavor to provide better quality customer service, equipment breadth, flexibility and speed of response. As with a number of our subsea business lines, the principal customers are subsea construction contractors, survey companies and offshore vessel companies. The main rental fleet locations are in Aberdeen, Scotland; Great Yarmouth, United Kingdom; Houston, Texas; and Singapore. The business line also has long standing agent relationships in Norway and the Middle East.

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Key subsea product lines

Capital equipment

- Work class remote operating vehicles
- Observation class remote operating vehicles
- Remote operating seafloor coring tools (ROVDrill)
- Specialty vehicles
- Rescue submarines
- Tether management systems
- ROV thrusters, valve packs, hot stabs

**Operating items, components,
and / or consumable products**

- Seafloor coring tools and accessories
- Standardized and specialized ROV tooling
- Subsea pipeline infill joint coatings and related applied products
- Simulation software for complex subsea operations

**Technical & aftermarket
services and rental items**

- ROV simulator rental items
- Geotechnical and geosciences consultancy services
- ROV pilot provisioning services
- Offshore/subsea dynamic positioning rental equipment

Downhole Products

In late 2010, we undertook a strategic initiative to build a platform that would provide us exposure to the growing market of downhole products associated with the increasing complexity of well construction and completion. We targeted niche downhole products that were consumed during the well construction, completion and production enhancement processes, as well as those that were associated with the growth in intelligent well construction. Our objective in 2011 and 2012 is to build a downhole products platform with the critical expertise and proprietary products to position the Company as a long-term, market leading downhole products provider. Since July 2011, we have made two acquisitions to begin building our downhole products business and we have focused on two areas: (i) casing and cementing products and (ii) downhole protection solutions.

Casing and Cementing Products

Through our recently acquired Davis-Lynch downhole well construction and completion tools product line, we are a market leading designer and manufacturer of proprietary, mission critical products used in the construction of oil and gas wells. We design and manufacture a full range of centralizers, float equipment, stage cementing tools, inflatable packers, flotation collars, cementing plugs, fill and circulation tools for running casing, casing hangars and surge reduction equipment. Our products are used in the construction of onshore and offshore wells, and the 64 year old Davis-Lynch brand is a well-known and trusted name in the industry. Our objective is to use our global sales and distribution infrastructure to grow this product line, while also continuing to look for opportunities to expand the depth of the product line through product development efforts and targeted acquisition opportunities. The key drivers of this product line

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are the growth in the complexity of onshore and offshore completion market globally and the increasing number of stages being employed in the North American unconventional shale plays.

Downhole Protection Solutions

We offer a full range of associated downhole protection solutions through our 25 year old Cannon Services brand. The clamp and protection system is a critical component of complex well completion and is used to shield the downhole control lines and gauges during installation and to provide protection during production enhancement operations. We design and manufacture a full range of downhole protection solutions for ESP cabling, encapsulated control lines, sub-surface safety valves (SSSV) and permanent downhole gauges, including gauges used in intelligent wells and the steam-assisted gravity drainage (SAGD) wells of the Canadian heavy oil developments. We provide both standard and highly customized protection systems, and we supply the full range of alloys for various downhole environments. While we provide standardized protection systems, we have a core strength in working directly with reservoir engineers and our service company customers to design unique protection solutions to complex well design challenges.

The key driver of our downhole products business is the construction and completion of new wells. In particular, we believe that the growing complexity of onshore and offshore well construction and the increasing use of artificial lift to increase production from oil and gas wells have created a long-term growth market. We believe our focus on niche downhole products provides exposure to attractive investment trends in the downhole oil and gas market while insulating us from the intense competitive environment often associated with providing the associated installation or completion services. Our primary customers in this business line are producers and service companies providing completion, ESP and other intervention services to the producers.

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A representative sampling of our key downhole products is listed below.

Key downhole product lines

	Products
	Centralizers
	Float equipment
	Stage cementing tools
	Inflatable packers
Well construction and completion tools	Flotation collars
	Cementing plugs
	Fill and circulate tools for running casing
	Casing hangars
	Surge reduction equipment
	Standard and Customized protection systems for:
	ESP cabling
	Permanent downhole gauges
Downhole protection systems	Encapsulated control lines and flatpacks
	Customized guards for safety valves
	Specialized stream-assisted gravity drainage (SAGD) gauge protection systems
	Specialized installation tools

Drilling products

We provide both drilling consumables and capital equipment, including powered and manual tubular handling equipment, specialized torque equipment, customized offline crane systems, drilling data acquisition management systems, pumps, valves, manifolds, drilling fluid end-components, pressure control equipment for both coiled tubing and wireline well intervention operations and a broad line of items consumed in the drilling process. We have a core focus on products that enhance our customers' handling of tubulars on the drilling rig. Our drilling capital equipment offering is concentrated on targeted, high value added products and equipment where we have identified a clear market opportunity.

The primary drivers impacting our drilling products business are global drilling and workover activity, the level of capital investment in drilling rigs, and the severity of the conditions under which the rigs and well service equipment operate. Although a portion of our rig-related sales is directed at new rigs, a larger portion is associated with equipment replacement and rig upgrades as drilling contractors modify their existing rigs to improve efficiency and to operate in increasingly challenging drilling conditions associated with the development of unconventional resource plays or service intensive offshore drilling. We also believe that the increasing use of well stimulation in mature fields will contribute to demand

for increased well service activity, which in turn should drive demand for our well intervention products.

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Tubular handling

Our core strength and focus in drilling products is in powered and manual tubular handling equipment used on drilling rigs. Our Wrangler branded systems reduce direct human involvement in the handling of pipe during drilling operations, improving both the safety and efficiency of operations. For example, we believe our proprietary catwalk product improves rig safety by mechanizing the lifting and lowering of tubulars to and from the drill floor while reducing direct exposure of rig personnel to this potentially dangerous task. Furthermore, our catwalks improve efficiency by eliminating or reducing the need for traditional drill pipe and casing pick-up and lay-down equipment with associated personnel. We recently developed a make-up and break-out tool called the Wrangler Roughneck, which we believe is a vital piece of equipment on the drilling rig. It was designed to address a growing need for a spinning and torque tool with a more durable and economical design to adequately handle premium drill pipe connections, which are associated with higher torque requirements. As another example, our proprietary powered mousehole tool increases rig efficiency by spinning up joints of drill pipe or bottom hole assemblies offline, while the rig continues to drill, saving significant amounts of time. As our industry drills deeper wells with longer laterals, the weight of the drill string increases, which drives demand for tools capable of holding the string without damaging it.

In 2011, we complemented our tubular handling offering through the acquisition of AMC, based in Aberdeen, Scotland. Through our AMC product brand, we design and manufacture specialized torque equipment for tubular connections, including high torque stroking (or bucking) units, fully rotational torque units, portable torque units for field deployment and related control systems, and we provide aftermarket service. As well construction becomes more complex, we expect the increasing amount of downhole tools and equipment required to drive the need for more specialized and capable torque machines. We intend to support the growth of this complementary product offering through our existing global distribution and sales network.

We also design and manufacture a range of value-added offline activity cranes, multi-purpose cranes and personnel transfer solutions. Many of these cranes are fit-for-purpose, multi-axis cranes that provide access to hard-to-reach places and eliminate the need for manual interface. To provide added utility to our customers on these key pieces of equipment, we manufacture specialty cranes, as well as several of our tubular handling capital equipment products to fit specified rig configurations.

Our tradition of product innovation also extends to manual tubular handling equipment. We have designed and developed products in conjunction with our customers to address specific problems encountered when drilling in deepwater and other challenging environments. Our lightweight 1,000 ton elevators and 1,000 ton slips allow a drilling rig to safely support up to two million pounds of drill pipe without damaging it. Originally designed to solve a specific customer's challenge of handling landing strings in deepwater, these products now serve broader applications in deeper wells both onshore and offshore. As a further example of customer responsiveness, we integrated a specially designed skidding system into our catwalk product line. This transforms the catwalk into a self-propelled device that is more efficient for pad drilling, and allows it to easily move with the rig to the next well location. Through the drilling products business, we intend to continue to leverage existing product lines to create integrated systems that completely automate the pipe handling functions. We expect to continue to work with our customers to design and develop products to upgrade their drilling rigs for safer and more efficient operation.

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Drilling flow control and intervention

Our pressure control products used for well intervention operations are sold directly to oilfield service companies and also to equipment rental companies. These products include both coiled tubing and wireline blowout preventers and their accessories. We also conduct aftermarket refurbishment and recertification service on our pressure control equipment. We expect the repair and replacement of these components to become more frequent as service contractors conduct operations in increasingly challenging environments associated with increased well depths, greater wellbore deviations and longer laterals, which are often accompanied by higher pressures and temperatures. In particular, as coiled tubing and other intervention operations address evolving industry needs, we intend to support this growing area with reliable and innovative products. For example, in response to recent changes in the coiled tubing market, we recently completed the design of a 4-1/16 inch 15,000 psi coiled tubing blowout preventer, which is now in production with a growing backlog. We are also in the final engineering stages of a 7 inch 10,000 psi blowout preventer for this growing market. We expect these products to allow us to serve this evolving market.

We recently added to our flow control offering through the acquisition of UK-based P-Quip, which designs and manufactures a range of patented liner retention and mud pump rod piston systems. These systems are sold directly to mud pump manufacturers and drilling contractors, and are focused on improving the efficiency, serviceability and safety of mud pump operations on the rig. They are complementary to our existing SPD mud pump product line, and we believe they have a strong brand in the marketplace. We plan to grow this product line using our existing global sales and distribution network, especially in North America where this UK-based product line has only recently begun to achieve penetration.

We also manufacture data acquisition and management products that include integrated drill floor instrumentation and monitoring systems. These systems manage and provide real-time monitoring and logging of drilling data to drilling contractors and oil and natural gas producers. They measure, collect, store and display drilling data on a real-time basis, substantially increasing drilling efficiency and improving the well construction process. The drilling data can be monitored by local rig supervisors as well as transmitted to remote customer locations for monitoring the drilling process.

Examples of our consumable drilling products include inserts and dies, as well as manual elevators, tongs and slips. As rigs drill these products are consumed and need to be replaced periodically, resulting in a recurring revenue opportunity for our Company. We are also among the largest providers of oilfield bearings to the North American market, where we provide original equipment manufacturers and repair businesses the bearings they need to serve the drilling and well stimulation markets.

In addition to designing and manufacturing capital products and providing consumable products, we also repair and service drilling equipment for both land and offshore rigs. Many of our service employees work in the field addressing problems at the rig site, which we believe further enhances our relationships with customers. Our experienced service employees, in combination with our specialized repair facilities, enable us to survey rigs in the field, design comprehensive upgrade packages and refurbish existing rig equipment.

Our ability to source low cost raw materials and components, such as steel castings and forgings is critical to our ability to manufacture our drilling products competitively. In order to purchase

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raw materials and components in a cost effective manner we have developed a broad international sourcing capability and we maintain quality assurance and testing programs to analyze and test these raw materials and components. In addition, we believe we have established a reputation among our customers for high-quality products, reliable after-sale support and product innovation.

Key drilling product lines

	Tubular handling equipment such as powered mousehole tools, powered elevators
	Wrangler Roughnecks
	Wrangler Catwalks
Capital equipment	Specialized torque machines and bucking units
	Customized crane systems
	Drill floor electronic instrumentation and data monitoring systems
	Choke and kill manifold mud systems and related components
	Coiled tubing and wireline blowout preventers and related products Drilling and production valves, chokes and flowline connections
	Manual tubular handling equipment such as slips, inserts, dies and manual tongs
Operating items, components, and / or consumable products	Centrifugal pumps and fluid end-components for mud pumps
	Patented mud pump liner retention and mud pump rod piston systems
	Specialty oilfield bearings
Technical & aftermarket services and rental items	Drilling equipment field service, repair, refurbishment and upgrade
	Workover BOP aftermarket service and recertification
	Torque machine aftermarket services and spare parts

Production and Infrastructure Segment

We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. The top five customers in our Production and Infrastructure Segment together accounted for approximately 35.9% of that segment's revenue during the year ended December 31, 2010, with no single customer representing as much as 10% of our consolidated revenue during this same period. We offer these products and related services through three primary business lines.

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Flow equipment

In late 2010, we undertook a strategic initiative to build a platform that would provide us exposure to the rapidly growing completion products sector of the oil and gas industry. We targeted the products that were consumed during the stimulation and flowback processes to take advantage of the recurring revenue inherent in the flow equipment market. The complete set of equipment used by a well stimulation, or pressure pumping, company is referred to as a frac spread and is often measured by the amount of pressure pumping horsepower the frac spread produces. While the capital equipment associated with provided new, incremental horsepower to the industry has been increasing as well completion practices are evolving, we chose to focus on the consumable components of the frac spread that experience high rates of wear and replacement. We believe this strategy enables us to capture a greater share of the total spend over the useful life of the typical frac spread.

Our objective in 2011 and 2012 is to build a top three player in the North American flow equipment market that provides all of the critical components typically found in the flow equipment train from the frac pressure pump to the manifold at the wellhead, with the full range of sizes suitable for both the stimulation and flow back markets. We also believe that it is vital to the long-term sustainability of this product line that we invest in and expand the associated recertification and refurbishment offering across the major unconventional basins in North America.

Since February 2011, we have made three acquisitions to begin building our flow equipment product line. The management teams of these companies are experts in this sector and share our common vision for the type of business we intend to create. Prior to our acquisition, these companies had a track record of collaboration to satisfy customer needs. The platform provided by these acquisitions offers us critical expertise in the design, engineering, and manufacture of the full range and sizes of swivel joints, triplex and quintuplex fluid-end assemblies, manifolds and manifold trailers, as well as the full suite of pressure control plug, choke, and relief valves. As recertification and refurbishment operations are critical to ensuring the reliable and safe operation of a pressure pumping company's fleet, we operate a fleet of sophisticated mobile recertification and refurbishment tractor trailers, which can deploy to the customer's yard or to the well site. We currently serve several of the key unconventional basins, and we are in the process of using the full Production and Infrastructure Segment footprint to expand this business line's coverage area.

The key driver of this platform is the completion of new wells. In particular, we believe that the growing use of fracturing to develop the oil and gas reserves in shale or tight sands basins across North America has created a long-term growth market. We also believe that the growing service intensity associated with this trend will support sustained growth in the sale of consumable products associated with the stimulation and flowback markets. Our primary customers in this business line are pressure pumping and flowback service companies, although we also generate sales to original equipment manufacturers of pressure pumping units when they assemble new frac spreads. While we benefit from the ongoing new build cycle of pressure pumping equipment, our business model is focused on developing deep relationships with the service companies by providing top quality products and reliable recertification and refurbishment services.

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A representative sampling of our key products and related services is listed below. We manufacture a full range of sizes and materials including those needed for sour service to deal with high H₂S concentrations.

Key flow equipment product lines

	Swivel joints, including large diameter (up to 6 inch)
	Pup joints
Consumable flow equipment	Swages
	Hammer unions
	Crossovers
	Triplex and quintuplex fluid end assemblies, for 600 and 2250 horsepower pumps
Consumable pressure control equipment	LT and TE Plug valves (up 5 inch)
	Chokes
	Relief valves
Capital equipment (equipped with associated consumable products)	Bull plugs
	Pressure pumping manifold trailers
	Flowback manifolds skids
	Flow equipment trucks
	Refurbishment and recertification
Aftermarket services	Mobile recertification
	Replacement parts and internals for flow equipment
	Online flow line management
<i>Surface process and onshore pipeline equipment</i>	

Our surface production equipment platform provides engineered process systems and field services from the wellhead to inside the refinery fence. We serve the upstream, midstream and downstream segments in oil and gas production equipment and services. Once a well has been drilled, completed and brought on stream, we provide the well operator-producer with the process equipment necessary to make the oil or gas ready for transmission. We design, develop and fabricate tanks, a broad range of separators, packaged production systems and American Society of Mechanical Engineers (ASME) coded and non-coded pressure vessels, skidded vessels with gas measurement, modular process plants, headers and manifolds, process equipment and flow control and separators to help clean and process oil or gas as it travels from the wellhead and along the transmission line to the refinery. Our customers are principally oil and gas operator producers, and we are positioning our manufacturing and staging locations strategically across North America to best serve the key emerging shale and unconventional resource plays.

A key to our competitiveness is manufacturing tanks and pressure vessels in close proximity to their location of use to reduce freight costs, as well as helping our customers manage and anticipate their production equipment needs as their drilling programs progress. We also provide

specialized trucks and crews that install the production equipment on the well site, which allows us to capture more value for the product we provide and affords our customers a more

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streamlined process for bringing a well on production. We continually seek to improve our designs to better serve our customers' evolving requirements. For example, we have developed and installed low profile skid mounted process systems that our customer requested for processing natural gas near urban areas. In working with another customer, we developed a modular production processing system that left the plant installation ready, and we subsequently provided the installation service for that customer as well. This system reduced the installation time from days to hours and allowed our customer to initiate production from the new wells sooner and with greater reliability. Importantly, we have specialized equipment and service crews that allow us to stage, deliver and install the equipment described above, further streamlining the total well development process that has become so important in the manufacturing of shale resource basins.

We also provide industrial construction and manufacturing services for clients in the refining and chemicals industries from our Pasadena, Texas facility, which is strategically located to service this market. We have the engineering expertise and track record in this facility to design and manufacture highly specialized skid mounted systems for a broad array of customers, such as offshore production companies and government related aeronautical customers. This facility also has the flexibility to support incremental production of code pressure vessels destined for use in nearby emerging shale basins, such as the Eagle Ford in South Texas. In early 2010, we acquired the EDGE desalination and dehydration product line and a non-exclusive license to manufacture and sell dual frequency technology for use in desalination applications. This product line acquisition also gave us access to an installed base of over 500 systems in oil refineries worldwide. We believe this product line will generate solid, steady results in the future.

We maintain a fleet of specialized onshore pipeline bending, line-up, and construction equipment that we rent to pipeline construction contractors under the brand C&L. Our bending machines, mandrels and bending sets are used to bend pipe to conform to the contours of the land. We also rent internal line up clamps that align and hold together two sections of pipe so they can be welded to each other. Finally, we provide rental equipment to facilitate pipe handling. The C&L brand has been a recognized name in the North American market for over 15 years, and retains a strong reputation for the condition and maintenance of its equipment. Equipment condition directly impacts reliability in the field, which in turn affects construction company productivity. Much of the equipment we offer is niche, pipeline diameter specific equipment, and contractors generally prefer to rent size-specific equipment rather than own it since the diameter of pipelines they build varies from job to job. Demand for these products is largely driven by the increasing need for greenfield gathering systems in new shale resource basins as well as the construction of transmission lines that bring the resource from new regions of supply in emerging shale basins to existing markets.

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A representative sampling of the key products and related services in our surface production and processing equipment are listed below.

Key surface production, process, pipeline equipment products

	Steel and fiberglass tanks	Scrubbers
	Separators:	Gas conditioning and treating products
	High / Low Pressure	Gas production units
	Vertical / Horizontal	Water heating units
Upstream	Two / Three Phase	Fluid storage and measurement units
	Sand separators	Well test units
	Vapor recovery units	Dehydration skids
	Horizontal and vertical heater treaters	Gas measurement skids
	Free water knockouts	Bubble towers
	Skid mounted compressor headers and manifolds	Pipeline bending and construction equipment
	Glycol towers	Pigging separators
	TEG dehydration units	Gas measurement skids
Midstream	Control valve skids	Regeneration units
	Slug catchers	Filter separators
	Process piping spools	Scrubbers
	Pig launchers and receivers	Fuel gas skid units
	EDGE Desalination and Dehydration	Condensate meter skids
Downstream/ Measurement & Monitoring	LACT units	Custody transfer skids
	Calibrated meter provers	Prover tanks
	Sales gas skids	Spare parts and other specialty equipment

Valve solutions

We design, manufacture and provide a wide range of industrial valves that principally serve the upstream, midstream and downstream markets of the oil and gas value chain. To a lesser extent, our valves serve general industrial, power and process industry customers as well as the mining industry. We provide a comprehensive suite of ball, gate, globe, check and butterfly valves across a wide range of sizes and application. We believe the worldwide market for industrial valves like ours is approximately \$12 billion, with 55% of the market being in the United States. By percentage of our 2010 full year revenue, our valve solutions business is made up of the following types: 45% ball valves, 30% butterfly valves and 25% multi-turn valves.

We market our valves to our customers and end users through our four recognized brands: PBV, DSI, Quadrant and ABZ. Much of our production is sold through distribution channels, with marketing efforts targeting end users for pull through of our products. Our global sales force and representatives cover 30 countries, with significant affiliated distribution in Canada and South Africa. Our Canadian affiliate provides significant exposure to the growing heavy oil spend cycle while our South African affiliate serves chemical, petrochemical and refining customers. We

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have recently established a presence in both Australia and Brazil to enhance our exposure to those growing markets. After rigorous testing, our valve products in this segment have been included on the Approved Manufacturers List (AML) of many end users. A key component of our future growth will lay in our ability to increase our presence on more AMLs in key markets outside of North America. To accomplish this, we intend to continue to market our valves to end users and aggressively expand our international presence. During 2010, 43% of our valve solutions business line revenue was derived from outside of the United States.

Our manufacturing and supply chain systems enable us to design and produce high-quality, engineered valves, as well as provide standardized products, while maintaining competitive pricing and minimizing capital requirements. We manufacture and warehouse our highly engineered PBV ball valves inside of our 300,000 square foot valve manufacturing and warehouse facility in Stafford, Texas and utilize our international manufacturing partners to produce components and completed products for a number of our other valve brands. We have developed stringent quality control procedures over many years in close collaboration with our manufacturing partners, and have invested significant resources to bring our partners level of reliability and quality up to the very best standards in the industry.

Valve product lines

Our valve solutions products fit broadly into the quarter-turn and multi-turn valve categories. With the exception of our mud valves, which are part of our drilling products line, and the valves we market through our flow equipment business, the quarter-turn category includes valves that open and close with 90 degrees of rotation. These valves are typically more compact, lightweight and high performance than multi-turn valves and are generally designed for specific applications. Quarter-turn products consist of butterfly valves and ball mounted valves of both floating and trunnion designs. When in the open position, ball valves provide a seamless media path, which is an important feature for applications that require pigging of the piping system. Multi-turn products, consisting of gate and globe valves, are considered the workhorse of the industry. Their robust design allows them to work under a very broad range of operating conditions. We also manufacture a variety of check valves, which prevent backflow of media. Every type of valve has applications in all segments of the energy value chain and in industrial processes. Many permutations of valve design have evolved to match the large variety of temperature, pressure, media, flow conditions and customer preferences in the energy and general industrial settings.

We manufacture our valves to conform to the standards of the American Petroleum Institute (API), American National Standards Institute (ANSI), American Bureau of Shipping (ABS), and International Organization for Standardization (ISO) and other relevant standards governing the design and manufacture of industrial valves. Through our valve solutions segment, we participate in the API s standard-setting process. In addition to published standards, we have deep knowledge of specific design standards and manufacturing procedures demanded by large global energy players.

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A representative sampling of the key products and associated brands in our valve solutions product lines are listed below.

Key valve solutions products

	Flanged floating ball valves (Quadrant)
	Threaded and socket welded ball valves (Quadrant)
Upstream	Butterfly valves (Quadrant)
	Metal seated ball valves (PBV)
	Trunnion mounted ball valves (PBV)
	Trunnion mounted ball valves (PBV)
Midstream	Flanged floating ball valve (PBV)
	Full opening check valves (PBV)
	Threaded and stockweld valves (PBV)
	Cast steel gate, globe, and check valves (DSI), available in 1/2 to 48
	Forged steel gate, globe, and check valves (DSI)
	Pressure seal valves (DSI)
	Cast iron valves (DSI)
Downstream	Threaded and socket weld ball valves (PBV/Quadrant)
	Flanged floating ball valves (PBV/Quadrant)
	Multi-port ball valve (Quadrant)
	Triple offset butterfly valves (ABZ)
	Resilient seated butterfly valves
Mining, other	High performance butterfly valves (ABZ), available in 2 to 60
	Pneumatic and electric actuated butterfly valves

Business history

SCF Partners is a private equity firm that has specialized in investments in the oilfield services sector since it was founded in 1989. In May 2005, SCF formed FOT in connection with its acquisition of Access Oil Tools, a pipe-handling tool manufacturer and supplier. FOT was founded largely to create a capital equipment provider focused on the drilling sector. Over time, FOT added other complementary businesses to provide a balanced mix of capital and consumable goods to the drilling industry. From 2005 through 2008, FOT experienced rapid growth both organically and through thirteen acquisitions, which included businesses that provide manual and powered pipe handling equipment for drilling rigs; wireline and coiled tubing blowout preventers; drilling rig instrumentation; choke and kill manifolds; drilling mud valves, chokes and pumps; specialty bearing distribution; offline multipurpose activity cranes; and other products and technologies that support drilling operations.

All but one of these acquisitions was consummated prior to 2008.

In June 2005, SCF became the controlling stockholder of Global Flow, a manufacturer of industrial valves. Global Flow presented an opportunity for global expansion due to its international supply chain and channels to market, and offered a valve platform around which to develop a larger valve focused business. From 2005 to 2007, Global Flow acquired three

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complementary valve businesses to create a company with exposure to the upstream, midstream, and downstream markets.

In February 2007, Triton was formed following the acquisition of Perry Slingsby Systems by SCF. Perry Slingsby Systems, a leading manufacturer of work-class ROVs, was identified as a platform company around which to create a subsea focused business that specializes in providing products and related services to the international offshore oil and gas industry. Triton targeted the global growth in deepwater and offshore resource developments. Triton grew rapidly through organic efforts and through acquisitions. Triton acquired eight companies by the end of 2008, which provided complementary offerings such as observation-class ROVs; ROV tooling and other subsea rental items; ROV pilot provisioning services; geotechnical services; simulation software for complex subsea operations; and others. Half of these acquisitions occurred prior to 2008.

In August 2007, Allied was formed by SCF through the near simultaneous acquisition and merger of four companies focused on the growing process and infrastructure requirements associated with unconventional gas and liquids developments in North America.

Finally, Subsea, a provider of subsea pipeline infield joint coatings and other applied products, was formed by SCF through the acquisition of OJS in January 2007. In 2008, Subsea subsequently acquired a specialty pipeline construction rental equipment business focused on the onshore market to create a broader pipeline infrastructure equipment business.

During the industry-wide downcycle in 2009, FOT, Global Flow, Triton, Allied and Subsea focused on working capital management, margin preservation and customer targeting, and generally positioned themselves for competitive growth in 2010. Beginning in 2009, and in collaboration with SCF Partners, several of the companies initiated strategic discussions concerning the formation of a broadly based oilfield products company that would be capitalized to take advantage of growth opportunities as the industry recovered. After a thorough review involving the management and independent board members of each of the five companies, FOT, Global Flow, Triton, Allied and Subsea were combined on August 2, 2010 in the Combination. In the Combination, FOT became the parent company and was renamed Forum Energy Technologies, Inc. The primary objectives of the Combination were to provide the shareholders and management of the constituent companies a broader platform for growth and access to new equity and debt capital, resulting in an enhanced ability to take advantage of growth opportunities.

During the strategic discussions leading up to the Combination process, key members of management identified the following objectives and benefits of consummating the Combination:

Increase access to growth capital. Many of the Combination companies projected that there would be significant growth opportunities available during a recovery from the 2009 economic downturn, both in terms of organic and acquisition growth. However, many of these growth opportunities required financial commitments that would strain the individual company balance sheets. On an aggregate basis, and with a entry into our senior secured credit facility and an additional equity commitment of \$50.0 million from SCF Partners, the combined Company could have the capability to make those investments. Please read Management's discussion and analysis of financial condition and results of operations Liquidity and capital resources Our senior secured credit facility for a detailed description of our current amended and restated credit agreement and Certain relationships and related party transactions Subscription and warrant agreements for additional information regarding SCF's equity commitment. Among the opportunities discussed at the time were: (1) building greenfield

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manufacturing and aftermarket service facilities in emerging basins, such as in the Marcellus and Macae, Brazil; (2) substantially increasing the size of our subsea equipment rental fleet; (3) creating alternative financing models to help customers accelerate their purchase of key capital equipment; and (4) creating a dedicated new product engineering and development capability.

Enhance ability to serve our customers and improve cross selling of products. Several of the Combination companies perceived that their relatively small scale inhibited their ability to make a qualitative step change in their relationship with certain large, key customers. A larger platform with better financing would instill greater confidence in customers and better position the business to pursue larger capital equipment orders, multi-year fleet renewal programs, consumable product inventory management and other long-term strategic supplier arrangements. In addition, access to a more expansive geographic platform would provide several of the Combination companies with a greater capacity to provide aftermarket service. Finally, the management teams believed that we would have more opportunities to reach certain targeted customers and the ability to leverage those interactions to drive incremental revenue opportunities. For example, management believed that Allied's customer relationships with producers would provide introductory opportunities for Global Flow's valve business, which generally is pulled through distribution companies to the producer.

Leverage the strengths of each company across the combined Company. Each of the Combination companies had particular strengths, many of which would benefit one or more of the others. For example, the controls technology expertise imbedded within Triton's ROV development group could provide FOT's tubular handling capital equipment development effort with access to highly skilled engineers who had solutions to controls technology challenges. A second example involved Global Flow's robust supply chain system, which involved outsourced manufacturing and critical vendor relationships in Asia. The combined management believed that access to this supply chain and the knowledge that produced it would accelerate similar efforts across the other companies.

Enhance financial stability. Each of the Combination companies was subject to different industry drivers, many of which have historically experienced different cycles. The management teams believed that a combined company participating in each of these varying cycles would provide an enhanced measure of stability to the business and to the long-term planning process by decreasing the volatility of its financial results.

Internally source products. Some of the Combination companies used products of other Combination companies in their manufacturing process. For example, Allied's surface production equipment business used a large quantity of valves, such as those produced by Global Flow, in the production of skidded process systems. The management teams believed there would be an opportunity to generate incremental business by internally sourcing some of these products.

Having concluded the Combination, we believe that the investment thesis and the associated operational benefits to us have been proven. As integration has proceeded, we have discovered benefits and opportunities incremental to those described above. We believe that the operational and financial benefits realized through the Combination have: (1) enhanced our growth potential; (2) offered ongoing synergistic opportunities; (3) provided the opportunity to develop broader and more diversified product lines; (4) enabled us to compete with larger companies; (5) provided an opportunity to leverage discrete internal initiatives across a broader

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platform; and (6) established a good foundation for long-term growth. Several of these opportunities are under development and we believe that there will be strong benefits to the business as we continue to grow.

Backlog

We had the following backlog as of the dates indicated, consisting of written orders or commitments believed to be firm contracts for our products:

	As of December 31, 2010	Actual As of June 30, 2011
(in millions)		
Production and Infrastructure Segment	\$ 52.7	\$ 140.9
Drilling and Subsea Segment	97.5	155.1
Total	\$ 150.2	\$ 296.0

Consistent with our strategy of preserving a balanced mix of capital goods, consumable products, repair parts, and rental services, a majority of our business does not require lengthy lead times, and we therefore believe that the size of our backlog is mostly representative of the activity level of our capital equipment related businesses. Substantially all of the orders and commitments included in our backlog as of June 30, 2011 were scheduled to be delivered within six months.

Our consumable and repair products are predominantly off-the-shelf items requiring short lead-times, and our related refurbishment or other services are also not contracted with much lead time. Our consumable products, spare parts and aftermarket or other services comprised 52% of the pro forma revenue we generated in fiscal 2010. The majority of these products and related services have lead-times shorter than six months.

We can give no assurance that our backlog will remain at current levels. Sales of our products are affected by prices for oil and natural gas, which may fluctuate significantly. Additional future declines in oil and natural gas prices and production or additional regulatory provisions could reduce new customer orders, possibly causing a decline in our future backlog. Substantially all of our projects currently included in our backlog are subject to change and/or termination at the option of the customer. In the case of a change or termination, the customer is required to pay us for work performed and other costs necessarily incurred as a result of the change or termination. In the past, terminations and cancellations have not been material to our overall operating results.

Seasonality

A substantial portion of our business is not significantly impacted by changing seasons. A small portion of the revenue we generate from selected Canadian operations may benefit from higher first quarter activity levels, as operators take advantage of the winter freeze to gain access to remote drilling and production areas. In the past, some of our revenue in Canada has declined during the second quarter due to warming weather conditions that resulted in thawing, softer ground, difficulty accessing drill sites and road bans that curtailed drilling activity. However, in 2010, this business generated substantially less than 50% of our total fiscal 2010 Canadian revenue. We also experience some exposure to seasonality through the portion of our subsea

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rental business that serves the North Sea. It is customary for activity related to this rental equipment to slow down between the months of November and February. However, revenue exposed to this type of seasonality comprised less than 5% of our overall revenue in fiscal 2010.

Competition

The markets in which we operate are highly competitive. We compete with a number of companies, some of which have financial and other resources greater than us. The principal competitive factors in our markets are the quality, price and availability of products and services and a company's responsiveness to customer needs and reputation for safety. We believe several factors give us a strong competitive position. In particular, we believe our products and services in each segment are at least comparable in price, quality, performance and dependability. We seek to differentiate ourselves from our competitors by providing a rapid response to the needs of our customers, a high level of customer service, and innovative product development initiatives. While we have no single competitor across all of our product lines, the companies we compete with across the greatest number of our product lines include Cameron International Corporation and FMC Technologies.

Drilling and Subsea Segment

Subsea products. We have no one direct competitor across all of our product and service lines. We hold established market leading positions in several of our core businesses on a global basis, and we compete with a small number of competitors. The most significant competitor we have across our subsea business is Schilling Robotics, a subsidiary of FMC Technologies Inc. Our principal competitors in some of our subsea business lines are as follows:

Vehicles and products Schilling Robotics (45% owned by FMC Technologies Inc.); Soil Machine Dynamics; and Saab Seaeye (a wholly owned subsidiary of Saab Underwater Systems AB); and

Subsea rental equipment Ashtead Technology Rental; Seatronics Ltd. (a subsidiary of Acteon Group Ltd) and Fugro N.V.

Downhole products. We have no one direct competitor across all of our downhole product lines. However, our principal competitors can be separated into these categories:

Casing and cementing tools Weatherford International, Ltd.; Halliburton Company (however, Halliburton focuses on production for internal use); Frank's Casing Crews & Rentals, Inc.; Varel International Energy Services Inc.; Ray Oil Tool; and