PIMCO NEW YORK MUNICIPAL INCOME FUND II
Form SC 13G/A
March 12, 2010

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 1)

PIMCO New York Municipal Income Fund II

(Name of Issuer)

Auction Rate Preferred

(Title of Class of Securities)

72200Y201
(See Item 2(e))

(CUSIP Number)

December 31, 2009

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)
[_] Rule 13d-1(c)
[_] Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 72200Y201

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1. NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Bank of America Corporation 56-0906609

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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

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3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	0
	6. SHARED VOTING POWER	236
	7. SOLE DISPOSITIVE POWER	0
	8. SHARED DISPOSITIVE POWER	236

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

236

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES [_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.4%

12. TYPE OF REPORTING PERSON

HC

CUSIP No. 72200Y201

1. NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Merrill Lynch, Pierce, Fenner & Smith, Inc. 13-5674085

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	1
	6. SHARED VOTING POWER	0
	7. SOLE DISPOSITIVE POWER	1
	8. SHARED DISPOSITIVE POWER	0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES [_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.0%

12. TYPE OF REPORTING PERSON

BD, IA

CUSIP No. 72200Y201

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Blue Ridge Investments, L.L.C. 56-1970824

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [_]
(b) [_]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	235
	6. SHARED VOTING POWER	0
	7. SOLE DISPOSITIVE POWER	235
	8. SHARED DISPOSITIVE POWER	0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

235

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES [_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.4%

12. TYPE OF REPORTING PERSON

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CUSIP No. 72200Y201

Item 1(a). Name of Issuer:

PIMCO New York Municipal Income Fund II

Item 1(b). Address of Issuer's Principal Executive Offices:

1345 Avenue of the Americas
New York, NY 10105

Item 2(a). Names of Person Filing:*

Bank of America Corporation ("Bank of America")
Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLPFS")
Blue Ridge Investments, L.L.C. ("Blue Ridge")

Item 2(b). Address of Principal Business Office, or if None, Residence:

The address of the principal business office of Bank of America is:

Bank of America Corporate Center
100 North Tryon Street
Charlotte, North Carolina 28255

The address of the principal business office of MLPFS is:

4 World Financial Center
250 Vesey Street
New York, New York 10080

The address of the principal business office of Blue Ridge is:

214 North Tryon Street
Charlotte, North Carolina 28255

Item 2(c). Citizenship:

See Item 4 of Cover Pages

Item 2(d). Title of Class of Securities:

Auction Rate Preferred

Item 2(e). CUSIP Numbers:

72200Y201, 72200Y300

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing Is a:

(a) [_] Broker or dealer registered under Section 15 of the Exchange Act;

(b) [_] Bank as defined in Section 3(a)(6) of the Exchange Act;

(c) [_] Insurance company as defined in Section 3(a)(19) of the Exchange Act;

(d) [_] Investment company registered under Section 8 of the Investment Company Act;

(e) [_] An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);

(f) [_] An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);

(g) [X] A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);

(h) [_] A savings association as defined in Section 3(b) of the Federal

* This Amendment has been filed to reflect certain corrections in the information reported in item 1 on each of the Cover Pages of the Schedule 13G filed by the Reporting Persons on January 19, 2010, and supersedes in its entirety such previous filing.

Deposit Insurance Act;

(i) [_] A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;

(j) [_] Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Item 4. Ownership.*

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

The number of shares reported herein represents combined holdings in multiple series of auction rate preferred securities of the issuer, which are treated herein as one class of securities in accordance with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008.

(a) Amount beneficially owned:

See Item 9 of Cover Pages

(b) Percent of class:

See Item 11 of Cover Pages

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote:

(ii) Shared power to vote or to direct the vote:

(iii) Sole power to dispose or to direct the disposition of:

(iv) Shared power to dispose or to direct the disposition of:

See Items 5-8 of Cover Pages

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [_]

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

With respect to the beneficial ownership of the reporting person, see Items 5 through 11 of the cover pages to this Schedule 13G, which are incorporated herein by reference.

* This Amendment has been filed to correct certain calculations reported in items 5, 6, 7, 8, 9 and 11 on each of the Cover Pages of the Schedule 13G filed by the Reporting Persons on January 19, 2010, and supersedes in its entirety such previous filing.

CUSIP No. 72200Y201

Item 8. Identification and Classification of Members of the Group.

Not Applicable

Item 9. Notice of Dissolution of Group.

Not Applicable

Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 12, 2010

Bank of America Corporation

By: /s/ Angelina L. Richardson

Name: Angelina L. Richardson
Title: Vice President

Merrill Lynch, Pierce, Fenner & Smith, Inc.

By: /s/ Lawrence Emerson

Name: Lawrence Emerson
Title: Attorney-In-Fact

Blue Ridge Investments, L.L.C.

By: /s/ John Hiebendahl

Name: John Hiebendahl
Title: Vice President and Controller

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dividends as may be declared by our board of directors; and

all of our assets available for distribution to holders of our common stock in liquidation, pro rata, based on the number of shares held.
There are no redemption or sinking fund provisions applicable to our common stock. All outstanding shares of our common stock are fully paid and non-assessable, and the shares of common stock to be issued upon completion of this offering will be fully paid and non-assessable.

Preferred stock

Subject to the provisions of our amended and restated certificate of incorporation and legal limitations, our board of directors will have the authority, without further vote or action by our stockholders:

to issue up to 3,700,000 shares of preferred stock in one or more series; and

to fix the rights, preferences, privileges and restrictions of our preferred stock, including provisions related to dividends, conversion, voting, redemption, liquidation and the number of shares constituting the series or the designation of that series, which may be superior to those of our common stock.

There will be no shares of preferred stock outstanding upon the closing of this offering, and we have no present plans to issue any preferred stock.

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The issuance of shares of preferred stock by our board of directors as described above may adversely affect the rights of the holders of our common stock. For example, preferred stock may rank prior to our common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of our common stock. The issuance of shares of preferred stock may discourage third-party bids for our common stock or may otherwise adversely affect the market price of our common stock. In addition, preferred stock may enable our board of directors to make it more difficult or to discourage attempts to obtain control of us through a hostile tender offer, proxy contest, merger or otherwise, or to make changes in our management.

Anti-takeover effects of provisions of our amended and restated certificate of incorporation, our amended and restated bylaws and Delaware law

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could make certain change of control transactions more difficult, including acquisitions of us by means of a tender offer, a proxy contest or otherwise, as well as removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Opt out of Section 203 of the Delaware General Corporation Law

In our amended and restated certificate of incorporation, we have elected not to be subject to the provisions of Section 203 of the Delaware General Corporation Law (the DGCL) regulating corporate takeovers until the date on which the SCF group is no longer the holder of at least 15% of our outstanding common stock. On and after such date, we will be subject to the provisions of Section 203 of the DGCL. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board of directors before the date the interested stockholder attained that status;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

- on or after the date the interested stockholder attained that status, the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Among other things, our amended and restated certificate of incorporation and, upon the completion of this offering, our amended and restated bylaws will:

establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our amended and restated bylaws specify the requirements as to form and content of all stockholders notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting to the extent they do not comply with the requirements in these advance notice procedures;

provide our board of directors the ability to authorize the issuance of undesignated preferred stock. This makes it possible for our board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us;

provide that the authorized number of directors may be changed only by resolution of the board of directors;

at any time after the first date on which the SCF group no longer collectively owns 50% or more of the outstanding shares of our common stock (the Trigger Date), provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum (prior to the Trigger Date, such vacancies, including newly created directorships, may also be filled by the holders of not less than a majority in voting power of the outstanding shares of our common stock);

at any time after the Trigger Date, provide that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of preferred stock (prior to the Trigger Date, such actions may be taken without a meeting by written consent of holders of common stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting);

at any time after the Trigger Date, provide that our certificate of incorporation and bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then outstanding common stock (prior to the Trigger Date, our certificate of incorporation and bylaws may be amended by the affirmative vote of the holders of a majority of our then outstanding common stock);

provide that special meetings of our stockholders may only be called by the board of directors, the chief executive officer, the president, the secretary, the chairman of the board or by stockholders holding a majority of the outstanding shares entitled to vote generally in the election of directors;

provide for our board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three year terms, other than directors who may be elected by holders of preferred stock, if any. For more information on the classified board of directors, please read Management beginning on page 125. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors;

at any time after the Trigger Date, provide that a member of our board of directors may only be removed for cause and only by the affirmative vote of the holders of at least two-thirds of our then outstanding common stock (prior to the Trigger Date, our board of directors may be removed at any time, with or without cause, by the affirmative vote of the holders of a majority of our then outstanding common stock); and

provide that we renounce any interest in the business opportunities of the SCF group or any of their officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than our directors that are presented business opportunities in their capacity as our directors) and that they have no obligation to offer us those opportunities. For more information, please read Renouncement of business opportunities.

Warrants

Overview

In connection with the consummation of the Combination, we offered each of our stockholders who were accredited investors or non-U.S. persons (as such term is defined for purposes of the Securities Act) the opportunity to purchase shares of our common stock worth $115 million in the aggregate, up to their pro rata ownership of us. In connection with this subscription offer, we issued to those stockholders who purchased shares of our common stock a warrant to purchase additional shares of our common stock on the basis of one warrant share for every two shares purchased in the subscription offer. The warrants were exercisable upon their issuance and will remain exercisable until the date that is the 30 month anniversary following the consummation of this offering. The initial exercise price of the warrants was $7.68 per share, and the exercise price increases by 0.5% of the then-current exercise price on the last day of each month following their original issuance. One of our directors exercised warrants to purchase 3,145 shares of our common stock on March 31, 2011, and one of our stockholders exercised warrants to purchase 2,886 shares of our common stock on January 12, 2012. The warrants do not confer upon the holder any voting or any other rights of our stockholders.

Exercise of the warrants

The warrants were issued pursuant to a Warrant Agreement by and between the holders of the warrants and us. The warrants may be exercised, in whole or in part, either for cash or on a cashless basis, subject to the limitations described below.

Cash exercise

Upon the completion of this offering, the holder of any warrant may no longer exercise such warrant by the payment of cash for the applicable exercise price of such warrant exercised. Notwithstanding the preceding sentence, unless otherwise determined by the holders of warrants representing not less than 80% of the shares of our common stock then subject to

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purchase pursuant to outstanding warrants, at any time after the completion of this offering, a holder of a warrant may exercise such warrant for cash if such exercise occurs during (1) the 60 days prior to the expiration time or (2) at any time after we have publicly announced or delivered notice that we have entered into a definitive agreement that would result in a reclassification or reorganization of our common stock or a merger or consolidation into another entity or that involves our common stock or a sale of all or substantially all of our assets and ending on the consummation or abandonment of such transaction. Any such exercise for cash, however, must be in compliance with applicable federal and state securities laws and in accordance with a valid exemption from registration in connection with the issuance of our common stock underlying such warrant, in each case as we determine.

Conversion rights

In addition to the cash exercise method described above, following the completion of this offering, holders of warrants will have the right (but not the obligation) to require us to convert a warrant, in whole or in part, into shares of our common stock (the Conversion Right) pursuant to the Warrant Agreement. Upon exercise of the Conversion Right, we will deliver to the holder of the warrant (without payment by such holder of the exercise price) the number of shares of our common stock equal to (x) the aggregate fair market value of the shares of our common stock for which the Conversion Right is exercised less the aggregate exercise price applicable to such shares of our common stock (and any taxes allocated to the holder of such warrant in connection with such exercise) divided by (y) the fair market value of one share of our common stock immediately prior to the exercise of the Conversion Right. In addition, if less than 20% of the aggregate shares of our common stock originally subject to the Warrant Agreement remain subject to purchase upon exercise, we will have the right, by delivery of a written notice to the holders of the warrants that remain outstanding, to cause the exercise of all warrants pursuant to the Conversion Right. In addition, all warrants outstanding as of the expiration time will be deemed to have been exercised pursuant to the Conversion Right.

Adjustments

The exercise price of the warrants and the number of shares of our common stock issuable upon exercise of the warrants are subject to adjustment in certain circumstances, including in the event we (1) make a distribution payable in our common stock, subdivide our outstanding common stock into a larger number or combine our outstanding shares of common stock into a smaller number, (2) issue rights, options, warrants or equivalent rights to all or substantially all of the holders of our common stock (and not to the holders of warrants) entitling our stockholders to subscribe for or purchase shares of our common stock at a price less than fair market value or (3) distribute (A) shares of any class other than our common stock, (B) evidences of our indebtedness, (C) cash or other assets or (D) rights or warrants other than as described above.

Renouncement of business opportunities

SCF has investments in other oilfield service companies that may compete with us, and SCF and its affiliates, other than us, may invest in such other companies in the future. SCF, its other affiliates and its portfolio companies are referred to as the SCF group. Our amended and restated certificate of incorporation provides that, until we have had no directors that are SCF Nominees for a continuous period of one year, we renounce any interest in any business opportunity in which any

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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:

- any business opportunity that is brought to the attention of an SCF Nominee solely in such person s capacity as our director or officer and with respect to which no other member of the SCF group independently receives notice or otherwise identifies such opportunity; or

- any business opportunity that is identified by the SCF group solely through the disclosure of information by or on behalf of us.

In addition, LESA, the ultimate general partner of SCF, has an internal policy that discourages it from investing in two or more portfolio companies with substantially overlapping industry segments and geographic areas. However, LESA s internal policy does not restrict the management or operation of its other individual portfolio companies from competing with us. Pursuant to LESA s 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. Thus, members of the SCF group, which includes any SCF Nominees, may pursue opportunities in the oilfield services industry for their own account or present such opportunities to us or one of SCF s other portfolio companies. Our amended and restated certificate of incorporation provides that the SCF group, which includes any SCF Nominees, has no obligation to offer such opportunities to us, even if the failure to provide such opportunity would have a competitive impact on us. We are not prohibited from pursuing any business opportunity with respect to which we have renounced any interest.

Our certificate of incorporation further provides that any amendment to or adoption of any provision inconsistent with the certificate of incorporation s provisions governing the renouncement of business opportunities must be approved by the holders of at least 80% of the voting power of the outstanding stock of the corporation entitled to vote thereon.

Amendment of the bylaws

Our board of directors may amend or repeal the bylaws and adopt new bylaws by the affirmative vote of a majority of the whole board of directors. Prior to the Trigger Date, the stockholders may amend or repeal the bylaws and adopt new bylaws by a majority vote at any annual meeting or special meeting for which notice of the proposed amendment, repeal or adoption was contained in the notice for such special meeting. On and after the Trigger Date, the affirmative vote of the holders of at least two-thirds of our then outstanding common stock will be required to amend or repeal the bylaws.

Limitation of liability and indemnification of officers and directors

Our directors will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except, if required by Delaware law, for liability:

- for any breach of the duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;

- for unlawful payment of a dividend or unlawful stock purchases or redemptions; or

- for any transaction from which the director derived an improper personal benefit.

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As a result, neither we nor our stockholders have the right, through stockholders derivative suits on our behalf, to recover monetary damages against a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior, except in the situations described above. We intend to enter into indemnification agreements with each of our current and future directors and officers.

Registration rights

For a description of our Registration Rights Agreement, please read Certain relationships and related party transactions Registration rights agreement.

Transfer agent and registrar

The transfer agent and registrar for the common stock is American Stock Transfer & Trust Company, LLC.

Listing; public market

There is no established market for our shares of common stock. We have been approved to list on the NYSE under the ticker symbol FET, subject to completion of the offering and compliance with certain conditions. The development and maintenance of a public market for our common stock, having the desirable characteristics of depth, liquidity and orderliness, depends on the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. The number of active buyers and sellers of shares of our common stock at any particular time may be limited, which may have an adverse effect on the price at which shares of our common stock can be sold.

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Shares eligible for future sale

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of restricted shares

Upon the closing of this offering and the concurrent private placement, we will have outstanding an aggregate of 83,975,758 shares of common stock. Of these shares, all of the 15,789,472 shares of common stock to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our affiliates as such term is defined in Rule 144 of the Securities Act. All remaining shares of common stock held by existing stockholders and the shares issued in the concurrent private placement will be deemed restricted securities as such term is defined under Rule 144. The restricted securities were, or will be, issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, the shares of our common stock (excluding the shares to be sold in this offering) that will be available for sale in the public market are as follows:

- 20,292,841 shares will be eligible for sale, including shares eligible for sale upon exercise of vested options and outstanding warrants, on the date of this prospectus or prior to 180 days after the date of this prospectus;

- 52,582,225 shares will be eligible for sale upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus (subject to extension) and when permitted under Rule 144 or Rule 701; and

- 2,677,255 shares will be eligible for sale, upon exercise of vested options and outstanding warrants, upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus (subject to extension).

Lock-up agreements

We, all of our directors and officers, certain of our principal stockholders and the selling stockholders have agreed not to sell any common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions and extensions. See Underwriting (conflicts of interest) for a description of these lock-up provisions.

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Rule 144

In general, under Rule 144 as currently in effect, once we have been a reporting company subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for 90 days, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for a least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

Once we have been a reporting company subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for 90 days, a person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our common stock or the average weekly trading volume of our common stock reported through the NYSE during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement pursuant to Rule 701 before the effective date of the registration statement for this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Stock issuable under employee plans

We intend to file a registration statement on Form S-8 under the Securities Act to register stock issuable under our 2010 Plan. This registration statement is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above.

Registration rights

For a description of our Registration Rights Agreement, please read Certain relationships and related party transactions Registration rights agreement.

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Material U.S. federal income and estate tax considerations

to non-U.S. holders

The following is a general discussion of the material U.S. federal income and estate tax considerations relating to the acquisition, ownership and disposition of our common stock by non-U.S. holders (as defined below). The following discussion is based on current provisions of the Code, the U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change or differing interpretations, possibly with retroactive effect. For the purpose of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is not, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States (as determined for U.S. federal income tax purposes);
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- a partnership (or other entity treated as a partnership for U.S. federal income tax purposes);
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (x) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have authority to control all substantial decisions of the trust or (y) that has made a valid election to be treated as a U.S. person.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of the acquisition, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that will hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income and estate tax consequences that may be relevant to a non-U.S. holder in light of such holder s particular circumstances, nor does it deal with special situations, such as:

- tax consequences to non-U.S. holders that may be subject to special treatment under U.S. federal income tax laws, including, without limitation, U.S. expatriates, individuals who are not present in the United States for 183 days or more in a year, but who maintain status as non-resident aliens for U.S. federal income tax purposes; insurance companies, tax-exempt or governmental organizations, mutual funds, dealers or traders in securities or currency, banks or other financial institutions, investors whose functional currency is other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, common trust funds, certain trusts, and hybrid entities;
- tax consequences to investors that hold our common stock as part of a hedge, straddle, synthetic security, conversion transaction or other integrated investment;

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any gift tax consequences;

any alternative minimum tax consequences; or

any aspects of state, local or non-U.S. taxation.

Prospective investors should consult their own tax advisors regarding the U.S. federal income and estate tax consequences to them in light of their own particular circumstances, as well as any tax consequences arising under the U.S. federal gift or alternative minimum tax laws and the laws of any state, local or non-U.S. taxing jurisdiction, the effect of any changes in applicable tax law and their entitlement to benefits under any applicable tax treaty.

Distributions on our common stock

We have not made any distributions on our common stock, and we do not plan to make any distributions in the foreseeable future. However, if we do make distributions of cash or other property on our common stock, those distributions will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will constitute a return of capital and will first reduce a non-U.S. holder s adjusted tax basis in our common stock, but not below zero, and then will be treated as gain from the sale of our common stock (see Gain on disposition of common stock).

Any dividends paid to a non-U.S. holder of our common stock generally will be subject to withholding of U.S. federal income tax at a rate of 30%, or such lower rate as may be specified by an applicable tax treaty, of the gross amount of the dividend. To receive the benefit of a reduced treaty rate, a non-U.S. holder must provide us with an Internal Revenue Service (IRS) Form W-8BEN (or successor form) or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of our common stock that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund from the IRS of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Dividends received by a non-U.S. holder that are effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if an applicable tax treaty so provides, are attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at the same graduated rates generally applicable to U.S. persons. To obtain this exemption from withholding tax, the non-U.S. holder must provide us with an IRS Form W-8ECI properly certifying eligibility for such exemption. In addition to the income tax described above, dividends received by a corporate non-U.S. holder that are effectively connected with a trade or business conducted by the corporate non-U.S. holder in the United States (and, if an applicable tax treaty so provides, are attributable to a permanent establishment or fixed base maintained by the corporate non-U.S. holder in the United States) may be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

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Gain on disposition of common stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if an applicable tax treaty so provides, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States), in which case the non-U.S. holder generally will be subject to U.S. federal income tax on any gain realized upon the sale or other disposition on a net income basis at the same graduated rates generally applicable to U.S. persons (furthermore, the branch profits tax described above also may apply to a corporate non-U.S. holder); or

- we are or have been a U.S. real property holding corporation (USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the date of the sale or other disposition and the non-U.S. holder s holding period.

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). For this purpose, real property interests include land, improvements and associated personal property. We believe that we are not presently, and have not been within the preceding five year period, a USRPHC for U.S. federal income tax purposes. If we are a USRPHC at any time during the applicable testing period described above, then, provided that our common stock is considered to be regularly traded on an established securities market (within the meaning of Section 897 of the Code and the applicable Treasury regulations) at any time during the calendar year in which the future sale or other disposition occurs, and the non-U.S. holder does not own (directly, indirectly or constructively) at any time during the five-year period ending on the date of the sale or other disposition more than 5% of our common stock, gains realized upon the sale or other disposition of our common stock generally will not be subject to U.S. federal income tax pursuant to the second bullet point above. If we are a USRPHC at any time during the applicable testing period described above and our common stock is not considered to be regularly traded on an established securities market, upon a future sale or other disposition of our common stock, a non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the same graduated rates generally applicable to U.S. persons and will be subject to U.S. federal income tax withholding on the amount realized from such sale or other disposition at a 10% rate. Non-U.S. holders should consult their own tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our common stock.

U.S. federal estate tax

Our common stock owned or treated as owned by an individual who is not a citizen or resident of the United States (as specifically defined for U.S. federal estate tax purposes) at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

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Information reporting and backup withholding

Generally, we must report annually to the IRS the amount of dividends paid to each non-U.S. holder, the name and address of the recipient, and the amount, if any, of tax withheld with respect to those dividends, regardless of whether withholding was required. In addition, except as described below, payments of the proceeds from the sale or other disposition of our common stock are potentially subject to information reporting to the IRS. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient s country of residence.

Dividends and the proceeds from the sale or other disposition of our common stock are potentially subject to backup withholding (at the applicable rate, which is currently 28%). In general, backup withholding (and information reporting with respect to the proceeds of a sale or other disposition of our common stock) will not apply to payments to a non-U.S. holder if the holder has provided the required certification that it is a non-U.S. holder, such as providing an IRS Form W-8BEN or IRS Form W8-ECI (or appropriate substitute or successor form). Notwithstanding the foregoing, backup withholding (and information reporting) may apply if either we or a broker or other paying agent has actual knowledge, or reason to know, that the beneficial owner is a U.S. person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a holder s U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Foreign account tax compliance act withholding

Enacted legislation generally will impose, effective for payments made after December 31, 2012, a withholding tax of 30% on dividends on, and the gross proceeds of a sale or other disposition of, our common stock paid to certain foreign entities unless various information and due diligence requirements are satisfied. Non-U.S. holders should consult their own tax advisers regarding the potential application and impact of these new requirements to them based on their particular circumstances.

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Underwriting (conflicts of interest)

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are acting as representatives of the underwriters. We and the selling stockholders have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discount set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table.

Name	Number of shares
J.P. Morgan Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Simmons & Company International	
Tudor, Pickering, Holt & Co. Securities, Inc.	
Capital One Southcoast, Inc.	
Dahlman Rose & Company, LLC	
FBR Capital Markets & Co.	
Howard Weil Incorporated	
Johnson Rice & Company L.L.C.	
Total	15,789,472

The underwriters are committed to purchase all the shares of our common stock offered by us and the selling stockholders if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the common stock offered in this offering.

The underwriters have an option to buy up to 2,368,421 additional shares of common stock from the selling stockholders to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this over-allotment option. If any shares are purchased with this over-allotment option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

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The underwriting fee is equal to the public offering price per share of common stock, less the amount paid by the underwriters to us and the selling stockholders per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters, assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

	Per share Without over-allotment exercise	Per share With full over-allotment exercise	Total Without over-allotment exercise	Total With full over-allotment exercise
Underwriting discounts and commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$
Underwriting discounts and commissions paid by the selling stockholders	$	$	$	$
Expenses payable by the selling stockholders	$	$	$	$

We estimate that the total expenses of this offering to us, including registration, filing and listing fees, printing fees, and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $2.5 million.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act (other than any registration statement on Form S-8) relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition, or filing, or (2) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC, for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and the shares of common stock to be sold in the concurrent private placement, common stock contingently issuable under existing acquisition contracts, common stock issued in connection with future acquisitions (subject to a cap of 10% of the shares outstanding upon completion of this offering and provided that the recipients of any shares of common stock agree to be bound by the same restrictions on sales), any stock options, restricted stock awards, phantom stock awards, and other equity-based incentive awards to be issued to our directors, officers, employees or consultants in accordance with our stock incentive plan and in compliance with the requirements of the NYSE, and any shares of our common stock to be issued upon the exercise of options or other awards or the vesting or other equity-based incentive awards granted under our stock-based compensation plans.

Notwithstanding the foregoing, if (A) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our Company occurs; or (B) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Our directors and executive officers and certain of our principal stockholders and the selling stockholders have entered into and Tinicum will enter into lock-up agreements with the underwriters pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities LLC, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such persons in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge, or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash, or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock. The lock-up agreements will not restrict the shares of common stock sold by the selling stockholders in this offering or the transfer of common stock as bona fide gifts, so long as, among other things, the transferee agrees to be bound by the restrictions in the lock-up agreements. Subject to certain restrictions, the lock-up agreements also will not restrict the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock.

Notwithstanding the foregoing, if (A) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our Company occurs; or (B) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 3% of the shares offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

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We have been approved to list our common stock on the NYSE under the symbol FET.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing, and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be covered shorts, which are short positions in an amount not greater than the underwriters over-allotment option referred to above, or may be naked shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain, or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market, or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and

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other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that the shares will trade in the public market at or above the initial public offering price.

European economic area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 PD Amending Directive to the extent implemented, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive or the 2010 PD Amending Directive if the relevant provision has been implemented;

(2) to fewer than (i) 100 natural or legal persons per Relevant Member State (other than qualified investors as defined in the Prospectus Directive or the 2010 PD Amending Directive if the relevant provision has been implemented) or (ii) if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons per Relevant Member State (other than qualified investors as defined in the Prospectus Directive or the 2010 PD Amending Directive if the relevant provision has been implemented), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(3) in any circumstances falling within Article 3(2) of the Prospectus Directive or Article 3(2) of the 2010 PD Amending Directive to the extent implemented.

For the purposes of this provision, the expression an offer of shares to the public, in relation to any shares in any Relevant Member State, means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EC.

Each underwriter has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (UK) (FSMA)) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

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(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Notice to prospective investors in Switzerland

This document does not constitute an issue prospectus within the meaning of Art. 652a of the Swiss Code of Obligations. The shares of common stock may not be sold directly or indirectly in or into Switzerland except in a manner which will not result in a public offering within the meaning of the Swiss Code of Obligations. Our common stock will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to our common stock, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange. This document as well as any other material relating to our common stock is personal and confidential and does not constitute an offer to any other person. This document may only be used in Switzerland by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland. Neither this document nor any other offering materials relating to the shares of common stock may be distributed, published, or otherwise made available in Switzerland except in a manner which will not constitute a public offer of the shares of common stock in Switzerland.

Notice to prospective investors in Hong Kong

The shares may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder or (3) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to prospective investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of

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Singapore (the SFA), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to prospective investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to prospective investors in the Dubai International Finance Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Relationships with underwriters and their affiliates

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking, and other services in the ordinary course of their business, including in connection with acquisitions, dispositions and other corporate transactions, for which they have received and may continue to receive customary fees and commissions. Affiliates of each of the underwriters are lenders under our credit agreement. See Conflicts of interest.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve our securities and/or instruments. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments. In addition, from time to time, certain of the underwriters and their affiliates may at any time hold, on behalf of themselves or their customers, or recommend to clients that they acquire, long or short positions in our equity or debt securities or loans.

Conflicts of interest

Affiliates of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are lenders under our credit agreement that may receive more than 5% of the net proceeds of this offering in connection with the repayment of amounts under our credit agreement. Accordingly, this offering is being made in compliance with the requirements of Rule 5121 of the Financial Industry Regulatory Authority, Inc. In accordance with this rule, Tudor, Pickering, Holt & Co. Securities Inc. has assumed the responsibilities of acting as a qualified independent underwriter. In its role as a qualified independent underwriter, Tudor, Pickering, Holt & Co. Securities Inc. has participated in due diligence and the preparation of the registration statement of which this prospectus is a part. Tudor, Pickering, Holt & Co. Securities Inc. will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. Such underwriters will not confirm sales of the shares to any account over which they exercise discretionary authority without the prior written approval of the customer. We have agreed to indemnify Tudor, Pickering, Holt & Co. Securities Inc. against certain liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

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Legal matters

The validity of our common stock offered by this prospectus will be passed upon for Forum Energy Technologies, Inc., by Vinson & Elkins L.L.P., Houston, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas. Baker Botts L.L.P. represents us from time to time in matters unrelated to this offering.

Experts

The audited financial statements of Forum Energy Technologies, Inc. included in this prospectus, except as they relate to 2009 financial statements of Allied Production Services, Inc. (Allied), Subsea Services International, Inc. (Subsea) and Triton Group Holdings LLC (Triton), have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Such financial statements, except as they relate to Allied, Subsea and Triton, have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company s combination as described in Note 1 to the financial statements) of such independent registered public accounting firm given on the authority of such firm as experts in auditing and accounting.

The audited 2009 financial statements of Subsea and Triton, not separately presented in this prospectus, have been audited by Pannell Kerr Forster of Texas, P.C. and Deloitte LLP, respectively, each an independent registered public accounting firm, whose reports thereon appear herein. The audited financial statements of Forum Energy Technologies, Inc., to the extent they relate to Subsea or Triton, have been so included in reliance on the reports of such independent registered public accounting firms given on the authority of said firms as experts in auditing and accounting.

The consolidated financial statements of Allied Production Services, Inc. and Subsidiaries at December 31, 2009, and for the year then ended, not presented separately herein in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein. The audited financial statements of Forum Energy Technologies, Inc. and Subsidiaries are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Davis-Lynch, Inc. as of December 31, 2010 and for each of the two years in the period ended December 31, 2010 included in this prospectus have been so included in reliance on the report of UHY LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Where you can find more information

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) under the Securities Act, with respect to the shares of our common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of this contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street NE, Washington, D.C. 20549. Copies of these materials may be obtained, upon payment of a duplicating fee, from the Public Reference Section of the SEC at 100 F Street NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC s website is *http://www.sec.gov*.

After we have completed this offering, we will file annual, quarterly and current reports, proxy statements and other information with the SEC. We maintain a website at *http://www.f-e-t.com* and we expect to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus. We will provide electronic or paper copies of our filings free of charge upon request.

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Forum Energy Technologies, Inc. and subsidiaries

Index to consolidated financial statements

December 31, 2009, 2010 and 2011

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Report of independent registered public accounting firm

To the Stockholders of

Forum Energy Technologies, Inc.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders equity and of cash flows present fairly, in all material respects, the financial position of Forum Energy Technologies, Inc. (formerly Forum Oilfield Technologies, Inc.) and its subsidiaries (the Company) at December 31, 2010 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 2009 financial statements of Allied Production Services, Inc. (Allied), Subsea Services International, Inc. (SSI) and Triton Group Holdings LLC (Triton), all wholly-owned subsidiaries of the Company, whose statements reflect total revenues of $287,279,000 for the year ended December 31, 2009. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Allied, SSI and Triton, is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, on August 2, 2010 the Company completed the combination of the Company with Allied, SSI, Triton and Global Flow Technologies, Inc. Prior to the combination, all of the companies were under the common control of three private equity funds with the same sponsor.

/s/ PricewaterhouseCoopers LLP

Houston, Texas

March 14, 2012, except for the effects of the 37 for 1 stock split of the Company s issued and outstanding common stock described in Note 2, as to which the date is March 28, 2012

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Report of independent registered public accounting firm

To the Board of Directors of

Triton Group Holdings LLC

We have audited the consolidated statements of income, comprehensive income, members equity, and cash flows of Triton Group Holdings LLC (the Company) (a wholly owned subsidiary of Forum Energy Technologies, Inc.) for the year ended December 31, 2009. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the results of operations and cash flows of Triton Group Holdings LLC for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE LLP

Aberdeen, United Kingdom

July 14, 2010

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Report of independent registered public accounting firm

The Board of Directors and Shareholders of Allied Production Services, Inc.

We have audited the consolidated balance sheet of Allied Production Services, Inc. and Subsidiaries as of December 31, 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for the year then ended (not presented separately herein). These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allied Production Services, Inc. and Subsidiaries at December 31, 2009, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Houston, Texas

August 26, 2011

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Report of independent registered public accounting firm

Board of Directors and Shareholders of

Subsea Services International, Inc.

We have audited the accompanying consolidated statements of income, changes in stockholders equity, and cash flows of Subsea Services International, Inc. (the Company) for the year ended December 31, 2009. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated statements of income, changes in stockholders equity, and cash flows of Subsea Services International, Inc. for the year ended December 31, 2009 are presented fairly, in all material respects, in conformity with United States generally accepted accounting principles.

/s/ Pannell Kerr Forster of Texas, P.C.

Houston, Texas

March 30, 2010

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated balance sheets

at December 31, 2010 and 2011

	2010	2011
	(in thousands of dollars, except share information)	
Assets		
Current assets		
Cash and cash equivalents	$ 20,348	$ 20,548
Accounts receivable trade, net	117,656	228,686
Inventories	173,777	324,638
Prepaid expenses and other current assets	18,051	14,372
Costs and estimated profits in excess of billings	3,660	11,706
Deferred income taxes, net	8,615	18,636
Total current assets	342,107	618,586
Property and equipment, net of accumulated depreciation	90,632	124,840
Deferred financing costs, net	6,458	10,131
Intangibles, net	80,159	241,314
Goodwill	294,381	600,827
Other long-term assets	4,595	11,617
Total assets	$ 818,332	$ 1,607,315
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt and capital lease obligations	$ 3,209	$ 5,176
Accounts payable trade	61,981	97,642
Accrued liabilities and other current liabilities	44,542	92,251
Contingent consideration liability		41,800
Deferred revenue	7,130	12,692
Billings in excess of costs and profits recognized	7,889	4,906
Derivative instruments	2,194	185
Total current liabilities	126,945	254,652
Long-term debt, net of current portion	204,715	660,379
Deferred income taxes, net	20,368	35,103
Derivative instruments	2,162	1,588
Other long-term liabilities	1,065	461
Total liabilities	355,255	952,183
Commitments and contingencies		
Equity		
Common stock, $0.01 par value, 296,000,000 shares authorized, 57,540,698 and 67,944,025 shares issued and outstanding, respectively	592	666
Additional paid-in capital	341,641	424,479
Warrants	7,825	27,097
Retained earnings	150,803	244,145
Treasury stock	(25,823)	(25,877)
Accumulated other comprehensive loss	(12,515)	(16,017)

Total stockholders equity	462,523	654,493
Noncontrolling interest in subsidiary	554	639
Total equity	463,077	655,132
Total liabilities and equity	$ 818,332	$ 1,607,315

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated statements of income

For the years ended December 31, 2009, 2010 and 2011

	2009	2010	2011
		(in thousands of dollars, except share information)	
Net sales	$ 677,378	$ 747,335	$ 1,128,131
Cost of sales	491,463	533,078	765,670
Gross profit	185,915	214,257	362,461
Operating expenses			
Selling, general and administrative expenses	128,562	141,441	186,774
Contingent consideration			12,100
Transaction expenses			3,608
Impairment of goodwill and other intangible assets	7,009		
(Gain) loss on sale of assets	137	(461)	(634)
Total operating expenses	135,708	140,980	201,848
Income from operations	50,207	73,277	160,613
Other expense (income)			
Expenses related to the combination		6,968	
Deferred loan costs written off		6,082	
Interest expense	19,451	18,189	19,532
Other, net	(1,088)	(2,308)	378
Total other expense	18,363	28,931	19,910
Income from continuing operations before income taxes	31,844	44,346	140,703
Provision for income tax expense	11,011	20,297	47,110
Income from continuing operations	20,833	24,049	93,593
Loss from discontinued operations, net of taxes	(1,342)		
Net income	19,491	24,049	93,593
Less: Income attributable to noncontrolling interest	(155)	(111)	(251)
Net income attributable to common stockholders	$ 19,336	$ 23,938	$ 93,342
Weighted average shares outstanding			
Basic	48,248	53,798	63,270

Diluted	48,914	54,316	67,488
Earnings per share			
Basic	$ 0.40	$ 0.44	$ 1.48
Diluted	0.40	0.44	1.38

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated statements of changes in stockholders equity

For the years ended December 31, 2009, 2010 and 2011

	Preferred shares		Triton series A and B		Common stock		Additional				Accumulated	Total		
							paid-in	Treasury		Retained	other comprehensive	common stockholders	Non controlling	Total
	Shares	Amount	Units	Amount	Shares	Amount	capital	stock	Warrants	earnings	income/(loss)	equity	interest	equity
	(in thousands of dollars, except share information)													
Balance at January 1, 2009	68,820	$ 62	43,062	$ 991	48,671,243	$ 481	$ 278,057	$ (410)	$	$ 107,794	$ (10,017)	$ 376,958	$ 37	$ 376,995
Share based compensation expense	235			1,184			1,832					3,016		3,016
Exercise of stock options					22,459		76					76		76
Issuance of common stock					134,791		255					255		255
Issuance of restricted stock					46,176									
Repurchase of stock					(10,767)		(97)	(251)				(348)		(348)
Excess tax benefit from share based compensation							(47)					(47)		(47)
Issuance of stock for acquisitions							600					600		600
Surrendered restricted stock					(124,172)									
Forfeiture of Series A and B			(3,095)	(111)								(111)		(111)
Adoption of uncertain tax positions										(265)		(265)		(265)
Comprehensive income														
Net income										19,336		19,336	155	19,491
Gain on foreign currency translation, net of tax of $0											1,409	1,409	249	1,658
Gain on derivative instruments, net of tax of $564											1,048	1,048		1,048
Comprehensive income												21,793	404	22,197

Balance at December 31, 2009	69,055	$ 62	39,967	$ 2,064	48,739,730	$ 481	$ 280,676	$ (661)	$	$ 126,865	$	(7,560)	$ 401,927	$ 441	$ 402,368

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated statements of changes in stockholders equity

For the years ended December 31, 2009, 2010 and 2011 (continued)

	Preferred shares		Triton series A and B		Common stock		Additional paid-in capital	Treasury stock	Warrants	Retained earnings	Accumulated other comprehensive income/(loss)	Total common stockholders equity	Non controlling interest	Total equity
	Shares	Amount	Units	Amount	Shares	Amount								
										(in thousands of dollars, except share information)				
Share based compensation expense				403			4,733					5,136		5,136
Exercise of stock options					18,500		50					50		50
Issuance of common stock					357,901		2,750					2,750		2,750
Issuance of restricted stock					189,773									
Repurchase of stock					(114,959)		(838)	(166)				(1,004)		(1,004)
Excess tax benefit from share based compensation							38					38		38
Items related to the combination:														
Issuance of common stock					8,085,832	74	62,054					62,128		62,128
Issuance of warrants							(7,825)		7,825					
Purchase of stock related to the tender offer at the time of the combination								(24,996)				(24,996)		(24,996)
Purchase of stock related to the conversion of shares	(69,055)	(62)	(39,967)	(2,467)	263,921	37	3					(2,489)		(2,489)
Comprehensive income														
Net income										23,938		23,938	111	24,049
Loss on foreign currency translation, net of tax of $0											(6,315)	(6,315)	2	(6,313)
Gain on derivative instruments, net of tax of $732											1,360	1,360		1,360

Comprehensive income										18,983	113	19,096
Balance at December 31, 2010	$	$	57,540,698	$ 592	$ 341,641	$ (25,823)	$ 7,825	$ 150,803	$ (12,515)	$ 462,523	$ 554	$ 463,077

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated statements of changes in stockholders equity

For the years ended December 31, 2009, 2010 and 2011 (continued)

	Common stock Shares	Common stock Amount	Additional paid-in capital	Treasury stock	Warrants	Retained earnings	Accumulated other comprehensive income/(loss)	Total common stockholders equity	Non controlling interest	Total equity
Stock issuance related to acquisition	3,418,652	37	38,918					38,955		38,955
Stock issuance	6,513,073	37	54,074					54,111		54,111
Restricted stock issuance	66,230									
Restricted stock purchase	150,775		1,610					1,610		1,610
Restricted stock withheld	(12,025)			(54)				(54)		(54)
Stock based compensation expense			5,156					5,156		5,156
Exercised stock options	263,477		1,300					1,300		1,300
Warrant issuance			(19,278)		19,278					
Exercise of warrants	3,145		31		(6)			25		25
Excess tax benefit from share based compensation			1,027					1,027		1,027
Comprehensive income										
Net income						93,342		93,342	251	93,593
Change in foreign currency translation							(4,928)	(4,928)	(166)	(5,094)
Gain on derivative instruments, net of tax of $768							1,426	1,426		1,426
Comprehensive income								89,840	85	89,925
Balance at December 31, 2011	67,944,025	$ 666	$ 424,479	$ (25,877)	$ 27,097	$ 244,145	$ (16,017)	$ 654,493	$ 639	$ 655,132

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2009, 2010 and 2011

	2009	2010	2011
		(in thousands of dollars, except share information)	
Cash flows from operating activities			
Net income	$ 19,491	$ 24,049	$ 93,593
Adjustments to reconcile net income to net cash provided by operating activities			
Deferred loan costs written off		6,082	
Contingent consideration			12,100
Noncash interest expense from mandatorily redeemable preferred stock	1,464		
Impairment of goodwill and other intangible assets	7,009		
Unrealized loss (gain) on interest rate swap	1,001	441	(389)
Share-based compensation expense	3,016	5,136	5,156
Depreciation expense	24,221	21,889	26,245
Amortization of deferred loan costs	1,401	1,784	2,102
Amortization of intangible assets	14,217	11,327	14,530
Provision for doubtful accounts	2,865	955	2,867
Loss (gain) on disposal of fixed assets	67	(182)	(280)
Deferred income taxes	(8,123)	(1,178)	(1,482)
Changes in operating assets and liabilities			
Accounts receivable trade	38,443	(13,132)	(62,350)
Income taxes receivable	(810)	2,575	
Inventories	60,428	(5,745)	(90,634)
Prepaid expenses and other current assets	1,338	(297)	(10,477)
Cost and estimated profit in excess of billings	1,420	2,550	(5,210)
Accounts payable, deferred revenue and other accrued liabilities	(61,846)	14,167	56,256
Billings in excess of costs and estimated profits earned	2,149	(4,440)	(2,752)
Net cash provided by operating activities	107,751	65,981	39,275
Cash flows from investing activities			
Capital expenditures for property and equipment	(15,078)	(19,624)	(41,163)
Proceeds from sale of property and equipment	6,089	670	1,062
Capitalized costs related to patents	(200)	(262)	(156)
Acquisition of businesses, net of cash acquired	(1,725)		(509,857)
Net cash used in investing activities	(10,914)	(19,216)	(550,114)

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries Consolidated statements of cash flows

Years ended December 31, 2009, 2010 and 2011 (continued)

	2009	2010	2011
		(in thousands of dollars, except share information)	
Cash flows from financing activities			
Payment of capital lease obligations	(182)	(627)	(310)
Borrowings due to acquisitions	1,725		509,857
Borrowings on long-term debt	6,489	323,916	10,490
Repayment of long-term debt	(102,342)	(407,360)	(61,973)
Deferred financing costs		(6,671)	(5,935)
Purchased stock due to the combination		(3,327)	
Purchases of stock	(251)	(25,162)	(54)
Excess tax expense (benefits) from stock based compensation	(47)	38	1,027
Proceeds from stock issuances	76	64,928	57,046
Net cash (used in) provided by financing activities	(94,532)	(54,265)	510,148
Effect of exchange rate changes on cash	4,648	954	891
Net increase (decrease) in cash and cash equivalents	6,953	(6,546)	200
Cash and cash equivalents			
Beginning of year	19,941	26,894	20,348
End of year	$ 26,894	$ 20,348	$ 20,548
Supplemental cash flow disclosures			
Interest paid	$ 17,817	$ 14,219	$ 17,700
Income taxes paid	24,586	25,009	29,127
Noncash investing and financing activities			
Acquisition of equipment via capital lease	$ 1,424	$	$
Acquisition via contingent consideration and stock	600		68,754
Insurance policy financed through notes payable	2,672	3,809	1,717

The accompanying notes are an integral part of these consolidated financial statements.

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Forum Energy Technologies, Inc. and subsidiaries

Notes to consolidated financial statements

December 31, 2009, 2010 and 2011

1. Nature of operations and combination

Forum Energy Technologies, Inc. (FET or the Company), a Delaware corporation, is a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. The Company designs and manufactures products, and engages in aftermarket services, parts supply and related services that complement the Company s product offering. The Company is owned by three private equity funds with the same sponsor, certain current and former employees and directors of the Company and former owners of acquired companies.

On August 2, 2010, the Company completed the combination (Combination) of Forum Oilfield Technologies, Inc. (FOT), Triton Group Holdings LLC (Triton), Subsea Services International, Inc. (SSI), Global Flow Technologies, Inc. (GFT) and Allied Production Services, Inc. (Allied) pursuant to which the shareholders of the companies other than FOT exchanged all of their common stock for common stock of FOT. In conjunction with the Combination, FOT changed its name to Forum Energy Technologies, Inc.

The shareholders of each company received the following number of FET shares for each share of the respective companies:

Allied	.4623 shares
Global Flow	.9886 shares
Subsea	.3168 shares
Triton	.3562 shares

Prior to the Combination, the private equity funds controlled a majority of the voting interests in FOT, Triton, SSI, and GFT. The same owner was also in a controlling position with respect to Allied by virtue of its ownership of 46.2% of Allied s issued and outstanding voting stock and its contractual right to fill three of the five directors seats comprising the full Allied Board. The mergers of the entities into the combined Company are accounted for using reorganization accounting (i.e., as if pooling of interest) for entities under common control. Under this method of accounting, the historical financial statements of each entity are included in the combined financial statements from the date on which the majority owner obtained control of the company. These consolidated financial statements include the results of FOT, Triton, SSI, GFT and Allied and all of their subsidiaries.

2. Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements include the accounts of FET and its majority-owned subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States of America (United States GAAP).

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Stock Split

On March 28, 2012 the Company effected a 37 for 1 stock split of its outstanding shares of common stock. All applicable share and per-share amounts in the consolidated financial statements and related disclosures have been retroactively adjusted to reflect this stock split.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries after elimination of intercompany balances and transactions. Noncontrolling interest principally represents ownership by others of the equity in our consolidated majority owned South Africa subsidiary.

Reclassifications

Certain reclassifications have been made in prior period financial statements to conform with current period presentation. Reclassifications have no impact on the Company s financial position, results of operations, or cash flows.

Use of estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the preparation of these consolidated financial statements, estimates and assumptions have been made by management including costs to complete contracts, an assessment of percentage of completion of projects, the selection of useful lives of tangible and intangible assets, fair value of reporting units used for goodwill impairment testing, expected future cash flows from long lived assets to support impairment tests, provisions necessary for trade receivables and income tax contingencies. Actual results could differ from these estimates.

The financial reporting of contracts depends on estimates, which are assessed continually during the term of those contracts. Recognized revenues and income are subject to revisions as the contract progresses to completion and changes in estimates are reflected in the period in which the facts that give rise to the revisions become known. Additional information that enhances and refines the estimating process that is obtained after the balance sheet date, but before issuance of the financial statements is reflected in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and high quality, short term money market instruments with an original maturity of three months or less. Cash equivalents are stated at cost plus accrued interest, which approximates fair value.

Accounts receivable-trade

Trade accounts receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. The Company maintains an allowance for

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doubtful accounts for estimated losses that may result from the inability of its customers to make required payments. Such allowances are based upon several factors including but not limited to, credit approval practices, industry and customer historical experience as well as the current and projected financial condition of the specific customer. Accounts receivable outstanding longer than contractual terms are considered past due. The Company writes off accounts receivable to the allowance for doubtful accounts when they become uncollectible. Any payments subsequently received on receivables previously written off are credited to the allowance for doubtful accounts.

The change in amounts of the allowance for doubtful accounts during the three year period ended December 31, 2011 is as follows (in thousands):

Period ended	Item	Balance at beginning of period	Charged to expenses	Deductions or other	Balance at end of period
December 31, 2009	Allowance for doubtful accounts	$ 3,292	$ 2,865	$ (2,306)	$ 3,851
December 31, 2010	Allowance for doubtful accounts	3,851	955	(681)	4,125
December 31, 2011	Allowance for doubtful accounts	4,125	2,867	(1,197)	5,795

Inventories

Inventory consisting of finished goods and materials and supplies held for resale is carried at the lower of cost or market. For certain subsidiaries, cost, which includes the cost of raw materials and labor for finished goods, is determined on a first-in first-out basis. For other subsidiaries, this cost is determined on an average cost basis. Market means current replacement cost except that (1) market should not exceed net realizable value and (2) market should not be less than net realizable value reduced by an allowance for a normal profit margin. The Company continuously evaluates inventories, based on an analysis of inventory levels, historical sales experience and future sales forecasts, to determine obsolete, slow-moving and excess inventory. Adjustments to reduce such inventory to its estimated recoverable value have been recorded by management.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Equipment held under capital leases are stated at the present value of minimum lease payments. Expenditures for property and equipment and for items which substantially increase the useful lives of existing assets are capitalized at cost and depreciated over their estimated useful life utilizing the straight-line method. Routine expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method based on the estimated useful lives of assets, generally 3 to 19 years. Plant and equipment held under capital leases are amortized straight-line over the shorter of the lease term or estimated useful life of the asset. Gains or losses resulting from the disposition of assets are recognized in income, and the related asset cost and accumulated depreciation are removed from the accounts. Assets acquired in connection with business combinations are recorded at fair value.

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Rental equipment consists of equipment leased to customers under operating leases. Rental equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives of three to ten years.

Effective January 1, 2010, we implemented a change in accounting estimate to adjust the useful life of marine electronic survey equipment. 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 $0.04 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.

The Company reviews 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. For the years ended December 31, 2009, 2010 and 2011, no impairments were recorded.

To the extent that asset retirement obligations are incurred, the Company records the fair value of an asset retirement obligation as a liability in the period in which the associated legal obligation is incurred. The fair values of these obligations are recorded as liabilities on a discounted basis. The costs associated with these liabilities are capitalized as part of the related assets and depreciated. Over time, the liabilities are accreted for any change in their present value. Asset retirement obligations at December 31, 2010 or 2011 are not significant.

Goodwill and intangible assets

For goodwill and intangible assets with indefinite lives, an assessment for impairment is performed annually or whenever an event indicating impairment may have occurred. The Company completes its 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 fair value of the reporting unit. We have six 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, operating margins, weighted average costs 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 consistent with that described in *ASC 805, Business Combinations*. The Company recognizes a goodwill impairment charge for the amount by which the carrying value of goodwill exceeds its fair value. The impairment test is a fair value test which includes assumptions such as growth and discount rates. Any impairment losses are reflected in operating income. In December 2009, an impairment loss of $5.5 million was recorded. In December 2010 and 2011, no impairment losses were recorded.

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Intangible assets with definite lives comprised of customer and distributor relationships, non-compete agreements, and patents are amortized on a straight-line basis over the life of the intangible asset, generally 3 to 17 years. These assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In 2009, the Company recorded an impairment charge of $1.5 million, which is classified within impairment of goodwill and other intangible assets on the consolidated statement of income. No impairments to intangible assets were recorded at December 31, 2010 and 2011.

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 approximate $2.2 million reduction in the amortization expense in the year ended December 31, 2010, an increase to net income of $1.4 million (or $0.03 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 would further strengthen these relationships.

Recognition of provisions for contingencies

In the ordinary course of business, the Company is subject to various claims, suits and complaints. The Company, 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.

Changes in the Company s warranty liability were as follows (in thousands):

Period ended	**Item**	**Balance at beginning of period**	**Charged to expense**	**Deductions or other**	**Balance at end of period**
December 31, 2009	Warranty accrual	$ 7,420	$ 3,210	$ (5,149)	$ 5,481
December 31, 2010	Warranty accrual	5,481	2,281	(1,054)	6,708
December 31, 2011	Warranty accrual	6,708	1,232	(3,026)	4,914

Revenue recognition and deferred revenue

Revenue is recognized when all of the following criteria have been met: (a) persuasive evidence of an arrangement exists, (b) delivery of the equipment has occurred or services have been rendered, (c) the price of the product or service is fixed and determinable and (d) collectability is reasonably assured. Revenue from product sales, including shipping costs, is recognized as title passes to the customer, which generally occurs when items are shipped from the Company s facilities. Revenue from services is recognized when the service is completed to the customer s specifications.

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Customers are sometimes billed in advance of services performed or products manufactured, and the Company recognizes the associated liability as deferred revenue.

Revenue generated from long-term contracts typically longer than six months in duration are recognized on the percentage-of-completion method of accounting. The Company recognizes revenue and cost of goods sold each period based upon the advancement of the work-in-progress unless the stage of completion is insufficient to enable a reasonably certain forecast of profit to be established. In such cases, no profit is recognized during the period. The percentage-of-completion is calculated based on the ratio of costs incurred to-date to total estimated costs, taking into account the level of completion. The percentage-of-completion method requires management to calculate reasonably dependable estimates of progress toward completion of contract revenues and contract costs. Whenever revisions of estimated contract costs and contract values indicate that the contract costs will exceed estimated revenues, thus creating a loss, a provision for the total estimated loss is recorded in that period.

Primarily related to our remotely operated vehicles product lines, which may take longer to manufacture, accounting estimates during the course of multi-year projects may change. The effect of such a change, which can be upward as well as downward, is accounted for in the period of change and the cumulative income recognized to date is adjusted to reflect the latest estimates. These revisions to estimates are accounted for on a prospective basis.

On a contract by contract basis, cost and profit in excess of billings represents the cumulative revenue recognized less the cumulative billings to the customer. Billings in excess of costs and profits represents the cumulative billings to the customer less the cumulative revenue recognized.

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.

Concentration of credit risk

Financial instruments which potentially subject the Company to credit risk include trade accounts receivable. Trade accounts receivable consist of uncollateralized receivables from domestic and internationally based customers. For the years ended December 31, 2009, 2010 and 2011, no one customer accounted for 10% or more of the total revenue or 10% or more of the total account receivable balance at the end of the respective period.

Share-based compensation

The Company accounts for awards of share-based compensation under the proper accounting guidance. This guidance and the related interpretations require companies to measure all employee share-based compensation awards at fair value on the date they are granted to employees and recognize compensation cost in their financial statements over the requisite service period. The Company has stock-based compensation plans for its employees, directors, and consultants of the Company and its subsidiaries. Compensation expense is recorded for restricted stock over the applicable vesting period based on the fair value of the stock on the date of grant. Options are issued with an exercise price equal to the fair value of the stock on the date of grant. Compensation expense is recorded for the fair value of the stock options, and is recognized over the period of the underlying security s vesting schedule. Consideration paid on the exercise of stock options is credited to share capital and additional paid-in capital.

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Fair value of the share-based compensation was measured by use of the Black-Scholes model for most of the outstanding options and a Binomial model for certain legacy share-based compensation instruments issued by Triton. The following sections address the assumptions used related to the Black-Scholes pricing model.

Expected life

The expected term of stock options represents the period the stock options are expected to remain outstanding and is based on the simplified method which is the weighted average vesting term plus the original contractual term divided by two.

Expected volatility

Expected volatility measures the amount that a stock price has fluctuated or is expected to fluctuate during a period. Since the Company s stock is not publicly traded, the Company determines volatility based on an analysis of comparable companies.

Dividend yield

The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future. Therefore, a zero expected dividend yield was used in the valuation model.

Risk-free interest rate

The risk-free interest rate is based on United States Treasury zero-coupon issues with remaining terms similar to the expected term on the options.

Forfeitures

The applicable accounting guidance also requires the Company to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. If the Company s actual forfeiture rate is materially different from its estimate, the stock-based compensation expense could be different from what the Company has recorded in the current period.

Fair value of common stock

The value of the Company s stock at the time of each option grant used to establish the strike price, and the value applied in each acquisition transaction, was estimated by management, and approved by the Company s Board of Directors, in accordance with an internal valuation model. These valuation models are based upon an average of cash flow and book value multiples of comparable companies. The comparable companies selected reflect the market s view on key sector, geographic, and product type exposure that are similar to those that impact the Company s business. The value is further subject to judgmental factors such as prevailing market conditions, changes in oilfield service indices and the overall outlook for the Company and its products in general.

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Income taxes

The Company follows 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 carrying amounts and tax bases of the Company s 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. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period in which the change occurs. The Company records a valuation reserve in each reporting period when management believes that it is more likely than not that any deferred tax asset created will not be realized.

The accounting guidance for income taxes requires that the Company 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.

Earnings per share

Basic earnings per share for all periods presented equals net income divided by the weighted average number of the shares of the Company s common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of the Company s common stock outstanding during the period as adjusted for the dilutive effect of the Company s stock options, restricted share plans and warrants.

The exercise price of each option is based on the fair value of the Company s stock at the date of grant. The diluted earnings per share calculation excludes 962 thousand stock options for the year ended December 31, 2009, 16,280 thousand stock options and warrants for the year ended December 31, 2010 and excludes 444 thousand stock options and warrants for the year ended December 31, 2011, because higher fair values at the time of grant resulted in these options exercise prices being greater than the average market price over the entire year in the respective periods.

The following is a reconciliation of the number of shares used for the basic and diluted earnings per share computations:

			December 31,
	2009	**2010**	**2011**
			(shares in thousands)
Basic weighted average shares outstanding	48,248	53,798	63,270
Dilutive effect of stock option and restricted share plan	666	518	4,218
Diluted weighted average shares outstanding	48,914	54,316	67,488

Non-U.S. local currency translation

The Company operates globally and its primary functional currency is the U.S. dollar ($). The majority of the Company s non-U.S. subsidiaries have designated the local currency as their functional currency. Financial statements of these foreign operations are translated into U.S. dollars using the current rate method whereby assets and liabilities are translated at the balance sheet rate and income and expenses are translated into U.S. dollars at the average exchange

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rates in effect during the period. The resultant translation adjustments are reported as a component of accumulated other comprehensive income within stockholders equity.

Hedging and use of derivative instruments

The Company utilizes interest rate swap and collar agreements to hedge the exposure to variable cash flows on a portion of its floating rate debt (i.e., cash flow hedges). The instruments are not used for trading or speculative purposes. The Company records these interest rate derivative instruments on the consolidated balance sheet as either derivative assets or derivative liabilities as applicable.

Certain derivative instruments qualify for hedge accounting as they reduce the interest rate risk of the underlying hedged item and were formally designated 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, the Company currently does 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, the Company 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.

The Company adjusts the balance of these derivative instruments to fair value on a recurring basis. The Company s fair value measurements are based on projected future interest rates as provided by the counterparties to the interest rate swap agreements and the fixed rates that the Company is obligated to pay under these agreements. The Company determines the value of derivative financial instruments using composite quotes obtained from market pricing services or, in certain cases, active-market quotes obtained from financial institutions. The established fair value hierarchy divides fair value measurement into three broad levels: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability which reflect the best judgment of the Company. The Company s measurements fall in Level 3.

Certain derivative instruments do not qualify for hedge accounting. These derivatives are also recorded at fair value, with the changes in fair value being recorded into earnings.

Fair value of financial instruments

The carrying amounts for financial instruments classified as current assets and current liabilities approximate fair value, due to the short maturity of such instruments. The book values of other financial instruments, such as the Company s long-term debt, approximates fair value because interest rates charged are similar to other financial instruments with similar terms and maturities.

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Noncontrolling interest

Noncontrolling interests are classified as equity in the consolidated balance sheets. Net earnings include the net earnings for both controlling and noncontrolling interests, with disclosure of both amounts on the consolidated statements of earnings.

Fair value measurements

The Company has adopted the authoritative guidance for fair value measurements as they relate to nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis. The guidance defines fair value, establishes a framework for measuring fair value when an entity is required to use a fair value measure for recognition or disclosure purposes and expands the disclosures about fair value measures. The adoption did not have a material impact on the Company s financial statements. The Company previously adopted the guidance as it relates to financial assets and liabilities that are measured at fair value and for nonfinancial assets and liabilities that are measured at fair value on a recurring basis.

Recent accounting pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) expanded the fair value measurements and disclosures guidance about items marked to fair value that are categorized within Level 3 of the fair value hierarchy to include qualitative explanations of the valuation methodology used and sensitivity analysis of the inputs into the valuation. The amendment also requires that items that are not measured at fair value, but for which the fair value is disclosed, also disclose the level in the fair value hierarchy in which those items were categorized. This pronouncement is effective for the Company for the fiscal year beginning January 1, 2012. The adoption of this pronouncement will not have a material effect on the Company s consolidated financial statements.

In June 2011, the FASB issued an update to Accounting Standards Codification Topic 220, Presentation of Comprehensive Income (ASC Topic 220). This update 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 the Company s financial statements.

In September 2011, the FASB amended the Intangibles - Goodwill and Other Topic of the ASC that allows an entity to make a qualitative assessment to determine whether further impairment testing on goodwill is necessary. If, after assessing the relevant information, an entity determines it is more likely than not that the fair value is more than the carrying amount, the quantitative impairment test is not required. If an entity determines it is more likely than not that the fair value is less than the carrying amount, then the quantitative impairment test is required. This pronouncement is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company will adopt this pronouncement for the fiscal year beginning January 1, 2012 and does not expect this pronouncement to have a material effect on its consolidated financial statements.

3. Acquisitions

The Company completed eight acquisitions during fiscal year 2011. The following summarizes the six largest acquisitions.

Wood Flowline Products, LLC

In February 2011, the Company purchased Wood Flowline Products, LLC (WFP). WFP manufactures pressure control and flow equipment products that are principally used in the fracturing and well stimulation process. WFP also provides on-site recertification and refurbishment services of the associated flow equipment products. This acquisition provides the Company new exposure to the growing well completions sector, specifically focused on the development of North American unconventional shale and tight sands resources. The results of WFP s operations have been included in the Company s consolidated financial statements beginning February 1, 2011 and are included in the Company s Production and Infrastructure segment. The Company incurred acquisition related fees and expenses of $0.4 million. WFP recorded revenue and net income of $57.5 million and $12.4 million, respectively, from the time of acquisition through December 31, 2011. The total purchase consideration of $58.0 million included: (1) cash of $32.7 million, (2) 1,295,000 shares of common stock of the Company valued at $9.19 per share based on an internal valuation and (3) two separate contingent consideration payments which may be payable in cash and/or shares of Company stock based upon WFP s 2011 and 2012 calendar year earnings as defined in the purchase and sale agreement. The fair value of the contingent consideration was estimated to be $13.4 million based on an internal valuation of the earnings level that the acquired company is expected to achieve. The total consideration has been allocated on a preliminary basis to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values as of the acquisition date. The fair value of the contingent consideration payment was remeasured as of December 31, 2011 at $22.1 million and is included in Contingent consideration liability in the consolidated balance sheet. The change in fair value of $8.7 million is included in Contingent consideration in the consolidated statements of operations.

The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 12,733
Property and equipment	3,239
Intangible assets (primarily customer relationships)	16,800
Tax deductible goodwill	29,893
Current liabilities	(4,654)
Net assets acquired	$ 58,011

Phoinix Global LLC

In April 2011, the Company purchased Phoinix Global LLC (Phoinix), a provider of high pressure flow control equipment and products utilized in the well stimulation and flow back processes of oil and gas well completion based in Alice, Texas. This acquisition adds to the Company s

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flow equipment products capabilities through a product offering that includes fluid-ends for hydraulic fracturing pressure pumps, plug valves, relief valves, chokes, manifolds, manifold trailers and flow equipment transport trucks. The results of the Phoinix operations have been included in the Company s consolidated financial statements beginning May 1, 2011 and are included in the Company s Production and Infrastructure segment. The Company incurred acquisition related fees and expenses of $0.3 million. Phoinix recorded revenue and net income of $58.5 million and $10.1 million, respectively, from the time of acquisition through December 31, 2011. The total purchase consideration of $47.9 million included: (1) cash of $23.6 million, (2) 749,324 shares of common stock of the Company valued at $10.68 per share based on an internal valuation and (3) two separate contingent consideration payments which may be payable in cash based upon Phoinix s 2011 and 2012 calendar year earnings as defined in the purchase and sale agreement. The fair value of the contingent consideration was estimated to be $16.3 million based on an internal valuation of the earnings level that the acquired company is expected to achieve. The total consideration has been allocated on a preliminary basis to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values as of the acquisition date. The fair value of the contingent consideration payment was remeasured as of December 31, 2011 at $19.7 million and is included in Contingent consideration liability in the consolidated balance sheet. The change in fair value of $3.4 million is included in Contingent consideration in the consolidated statements of operations.

The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 11,686
Property and equipment	1,350
Intangible assets (primarily customer relationships)	17,200
Tax-deductible goodwill	25,002
Current liabilities	(7,322)
Net assets acquired	$ 47,916

Cannon Services

In July 2011, the Company acquired Cannon Services (Cannon), based in Stafford, Texas. Cannon is a provider of standard and customized clamp and stamped metal protection systems used to shield the downhole control lines and gauges during their installation and provide protection during production enhancement operations. This acquisition, along with the acquisition of Davis-Lynch, formed the new product platform targeting niche downhole products that are consumed during the well construction, completion, intervention and production enhancement processes, as well as those associated with the growth in intelligent well construction. The results of Cannon s operations have been included in the Company s consolidated financial statements beginning July 1, 2011 and are included in the Company s Drilling and Subsea segment. The Company incurred acquisition related fees and expenses of $0.4 million. Cannon recorded revenues and net income of $15.3 million and $3.2 million, respectively from the time of acquisition through December 31, 2011. The total purchase consideration of $58.3 million included: (1) $47.6 million of cash and (2) 774,928 shares of common stock valued at $13.86 per share based on an internal valuation.

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The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 10,500
Property and equipment	4,326
Intangible assets (primarily customer relationships)	18,800
Tax-deductible goodwill	26,880
Current liabilities	(2,166)
Net assets acquired	$ 58,340

AMC Global Group, Ltd.

In July 2011, the Company acquired AMC Global Group, Ltd. (AMC), based in Aberdeen, Scotland. AMC designs and manufactures specialized torque equipment for tubular connections, including high torque stroking units, fully rotational torque units and portable torque units for field deployment and related control systems, and provides aftermarket service. This acquisition enhanced the product offerings in our drilling products line. The results of AMC s operations have been included in the Company s consolidated financial statements beginning July 1, 2011 and are included in the Company s Drilling and Subsea segment. The Company incurred acquisition related fees and expenses of $0.5 million. AMC recorded revenues and net income of $10.6 million and $1.7 million, respectively from the time of acquisition through December 31, 2011. The total purchase consideration of $54.8 million included: (1) $46.5 million of cash and (2) 599,400 shares of common stock valued at $13.86 per share based on an internal valuation.

The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 15,674
Property and equipment	363
Intangible assets (primarily customer relationships)	15,240
Non-tax-deductible goodwill	31,575
Current liabilities	(4,109)
Deferred tax liabilities	(3,963)
Net assets acquired	$ 54,780

P-Quip, Ltd.

In July 2011, the Company acquired P-Quip, Ltd. (P-Quip), based in Kilbirnie, Scotland. P-Quip manufactures proprietary mud pump fluid end assemblies, mud pump rod systems, liner retention systems, valve cover retention systems and other drilling flow control products. This acquisition enhanced the product offerings in our drilling products line. The results of P-Quip s operations have been included in the Company s consolidated financial statements beginning July 5, 2011 and are included in the Company s Drilling and Subsea segment. The Company incurred acquisition related fees and expenses of $0.4 million. P-Quip recorded revenues and net income of $11.7 million and $3.7 million, respectively from the time of acquisition through December 31, 2011. The total purchase consideration included $33.5 million of cash.

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The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 11,932
Property and equipment	114
Intangible assets (primarily customer relationships)	12,032
Non-tax-deductible goodwill	16,162
Current liabilities	(3,618)
Deferred tax liabilities	(3,128)
Net assets acquired	$ 33,494

Davis-Lynch LLC

In July 2011, the Company acquired Davis-Lynch LLC (Davis-Lynch), based in Pearland, Texas. Davis-Lynch is a provider of proprietary, downhole cementing and casing products. This acquisition along with the acquisition of Cannon Services, formed the new product platform targeting niche downhole products that are consumed during the well construction, completion, intervention and production enhancement processes, as well as those associated with the growth in intelligent well construction. The results of Davis-Lynch s operations have been included in the Company s consolidated financial statements beginning August 1, 2011 and are included in the Company s Drilling and Subsea segment. The Company incurred acquisition related fees and expenses of $0.9 million. Davis-Lynch recorded revenues and net income of $51.5 million and $11.4 million, respectively from the time of acquisition through December 30, 2011. The total purchase consideration included $317.6 million of cash.

The following table summarizes the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date (in thousands):

Current assets, net of cash acquired	$ 52,917
Property and equipment	9,480
Intangible assets (primarily customer relationships)	93,000
Tax-deductible goodwill	170,047
Current liabilities	(7,861)
Net assets acquired	$ 317,583

The following table provides pro forma information related to all acquisitions in the aggregate (in thousands, except per share data):

	Year ended December 31, 2010	Year ended December 31, 2011
Revenue	$ 955,449	$ 1,245,745
Net income attributable to common stockholders	46,749	113,915
Basic earnings per share	0.82	1.71
Diluted earnings per share	0.81	1.61

The pro forma information for the years ended December 31, 2010 and 2011 assumes the acquisitions listed above occurred as of January 1, 2010.

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The combined results of operations of the acquired businesses have been adjusted to reflect additional depreciation of fixed assets and amortization of intangible assets subject to amortization. Pro forma interest expense was calculated on notes payable and draws on the Company s available line of credit at a rate of 4.7%, as if the businesses were acquired at the beginning of the period.

Although the Company believes the accounting policies and procedures used to prepare the pro forma schedules are reasonable, these pro forma results do not purport to be indicative of the actual results which would have been achieved had the acquisition been consummated on January 1, 2010. The amounts shown are not intended to be a projection of future results.

4. Inventories

The significant components of inventory are as follows:

	December 31, 2010	December 31, 2011
	(in thousands)	
Raw materials and parts	$ 63,234	$ 102,301
Work in process	19,534	50,341
Finished goods	101,115	184,331
	183,883	336,973
Inventory reserve	(10,106)	(12,335)
Inventories, net	$ 173,777	$ 324,638

The change in the amounts of the inventory reserve during the three year period ended December 31, 2011 is as follows (in thousands):

Period ended	Item	Balance at beginning of period	Charged to expenses	Deductions or other	Balance at end of period
December 31, 2009	Reserve for inventory obsolescence	$ 7,722	$ 4,821	$ (3,608)	$ 8,935
December 31, 2010	Reserve for inventory obsolescence	8,935	1,244	(73)	10,106
December 31, 2011	Reserve for inventory obsolescence	10,106	5,805	(3,576)	12,335

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5. Property and equipment

Property and equipment consists of the following as of December 31:

	Estimated useful lives	2010	2011
	(in years)		(in thousands)
Land		$ 2,026	$ 2,064
Buildings and leasehold improvements	7-20	23,848	39,092
Computer equipment	3-5	9,433	12,484
Machinery and equipment	5-10	66,640	78,146
Furniture and fixtures	3-10	2,215	9,819
Vehicles	3-5	6,304	9,103
Construction in progress		853	6,550
		111,319	157,258
Less: Accumulated depreciation		(55,746)	(67,379)
Property and equipment, net		55,573	89,879
Rental equipment		57,962	95,707
Less: Accumulated depreciation		(22,903)	(60,746)
Rental equipment, net		35,059	34,961
Total property and equipment, net		$ 90,632	$ 124,840

6. Goodwill and intangible assets

Goodwill

The changes in the amount of goodwill from January 1, 2010 to December 31, 2011, are as follows:

	Drilling and Subsea		Production and Infrastructure		Total	
	2010	2011	2010	2011	2010	2011
						(in thousands)
Goodwill Balance at January 1, net	$ 281,647	$ 275,528	$ 18,929	$ 18,853	$ 300,576	$ 294,381
Acquisition		249,140		59,102		308,242
Impact of non-United States local currency translation	(6,119)	(1,649)	(76)	(147)	(6,195)	(1,796)
Goodwill Balance at December 31, net	$ 275,528	$ 523,019	$ 18,853	$ 77,808	$ 294,381	$ 600,827

The Company performs its annual impairment tests of goodwill as of December 31. For the year ended December 31, 2009, the Company recognized a goodwill impairment loss of $5.5 million relating to certain Triton subsidiaries primarily due to the change in market conditions and declining operating results. There was no impairment of goodwill during the years ended December 31, 2010 and 2011. The fair values were determined using the net present value of the expected future cash flows for each reporting unit. Accumulated impairment losses on goodwill were $40.0 million as of December 31, 2010 and 2011, respectively.

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Intangible assets

At December 31, 2010 and 2011, intangible assets consist of the following, respectively:

	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	December 31, 2010 Amortization period (in years)
				(In thousands)
Customer relationships	$ 70,837	$ (26,907)	$ 43,930	4-15
Patents and technology	5,764	(1,626)	4,138	5-17
Non-compete agreements	4,047	(3,598)	449	3-6
Trade names	15,312	(3,865)	11,447	10-15
Contracts	260	(260)		<1
Distributor relationships	22,160	(7,486)	14,674	8-15
Trademark	5,521		5,521	Indefinite
	$ 123,901	$ (43,742)	$ 80,159	

	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	December 31, 2011 Amortization period (in years)
				(In thousands)
Customer relationships	$ 211,933	$ (36,160)	$ 175,773	4-15
Patents and technology	19,172	(2,676)	16,496	5-17
Non-compete agreements	5,234	(4,108)	1,126	3-6
Trade names	35,076	(6,088)	28,988	10-15
Contracts	260	(260)		<1
Distributor relationships	22,160	(8,750)	13,410	8-15
Trademark	5,521		5,521	Indefinite
	$ 299,356	$ (58,042)	$ 241,314	

Amortization expense was $14.2 million, $11.3 million and $14.5 million for the years ended December 31, 2009, 2010 and 2011, respectively. The total weighted average amortization period is 14 years and the estimated amortization expense for the next five years is as follows (in thousands):

Year ending December 31,	
2012	$ 20,328
2013	20,045
2014	19,222
2015	18,954
2016	18,878

In 2009, the Company concluded that the fair value of its trademarks was less than the carrying values and the assets were impaired. Accordingly, the Company recorded impairment charges of $1.5 million in the year ended December 31, 2009. Accumulated impairment losses on the trademark were $1.7 million as of December 31, 2010 and 2011.

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7. Debt and mandatorily redeemable preferred stock

Notes payable and lines of credit as of December 31, 2010 and 2011 consist of the following:

	2010	2011
	(in thousands)	
Senior secured revolving credit facility	$ 204,000	$ 363,694
Term loan		300,000
Other debt	3,924	1,861
Total debt	207,924	665,555
Less: current maturities	(3,209)	(5,176)
Long-term debt	$ 204,715	$ 660,379

In conjunction with the Combination, FET entered into a senior secured credit facility with several financial institutions. The credit facility provided for a $450 million revolving credit facility, including up to $75 million of letters of credit and up to $25 million in swingline loans, and was to mature in August 2014. In addition, the Company had the ability to increase the commitments under this facility by up to $150 million. Effective October 4, 2011, the Company amended our senior secured credit facility to, among other things, increase the commitment to $900 million, which included a $300 million term loan, and to extend the facility s maturity to October 2016.

Interest is payable every 30, 60 or 90 days based on interest rate elections. Amounts outstanding are collateralized by substantially all of FET s assets. Weighted average interest rates (without the effect of hedging) at December 31, 2010 and 2011 were 3.0% and 2.78%. The credit facility allows management to elect how interest will be computed which may be determined by reference to the London interbank offered rate, or LIBOR, plus an applicable margin between 2.0% and 3.75% per annum or a base rate plus an applicable margin between 0.5% and 2.25% per annum (with the applicable margin depending upon FET s ratio of total funded debt to EBITDA).

This credit facility contains covenants which require FET to maintain certain financial ratios. These covenants are as follows:

Total funded debt to EBITDA (as defined in the credit facility) of not more than 3.75 to 1.0 for periods ending through December 31, 2012, 3.50 to 1.0 for periods ending from January 1, 2013 through December 31, 2013, 3.25 to 1.0 for periods ending from January 1, 2014 through December 31, 2014 and 3.00 to 1.0 for periods ending thereafter; and

EBITDA to interest expense ratio (as defined in the credit facility) of not less than 3.0 to 1.0.

Availability under the credit facility, considering the covenants discussed above, was approximately $230 million at December 31, 2011. The Company is in compliance with the aforementioned financial covenants at December 31, 2011.

Other debt

Other debt consists primarily of upfront annual insurance premiums that have been financed and capital lease obligations.

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Debt issue costs

In conjunction with entering into the new senior secured facility, the Company incurred approximately $12.1 million in loan costs that have been capitalized and are amortized to interest expense over the term of the facility. As a result, approximately $1.8 million and $2.1 million were amortized to interest expense for the years ended December 31, 2010 and 2011, respectively. Due to the payment of the debt and replacement of the facilities held by certain combining entities, the related debt issue costs of $6.1 million that had been previously capitalized were fully written off in August 2010.

Future payments

Future principal payments under long-term debt, by year, are as follows (in thousands):

Year ending December 31,	
2012	$ 5,176
2013	18,869
2014	30,059
2015	33,767
2016	577,684
Thereafter	
	$ 665,555

8. Income taxes

The components of the Company s income before tax for the years ended December 31, 2009, 2010 and 2011 are as follows:

	2009	**2010**	**2011**
			(in thousands)
U.S.	$ 18,026	$ 24,162	$ 88,968
Non-U.S.	13,818	20,184	51,735
Income from continuing operations before taxes	$ 31,844	$ 44,346	$ 140,703

The Company s provision (benefit) for income taxes from continuing operations for the years ended December 31, 2009, 2010 and 2011 are as follows:

	2009	**2010**	**2011**
			(in thousands)
Current			
U.S. Federal and state	$ 4,334	$ 13,869	$ 34,351
Non-U.S.	8,111	7,606	14,241
Total Current	12,445	21,475	48,592

Deferred			
U.S. Federal and state	(2,241)	132	386
Non-U.S.	807	(1,310)	(1,868)
Total Deferred	(1,434)	(1,178)	(1,482)
Provision for income tax expense	$ 11,011	$ 20,297	$ 47,110

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The reconciliation between the actual provision for income taxes from continuing operations and that computed by applying the U.S. statutory rate to income from continuing operations before income tax and noncontrolling interests are outlined below.

	2009		2010		2011	
					(In thousands)	
Income tax expense at the statutory rate	$ 11,145	35.0%	$ 15,521	35.0%	$ 49,246	35.0%
Surtax exemption	(97)	(0.3)%				
State taxes, net of federal tax benefit	423	1.3%	1,172	2.6%	3,193	2.3%
Non-U.S. operations	(2,003)	(6.3)%	(1,273)	(2.9)%	(4,495)	(3.2)%
Nondeductible expenses	797	2.5%	3,936	8.9%	758	0.5%
Domestic incentives	(446)	(1.4)%	(1,107)	(2.5)%	(1,179)	(0.8)%
Prior year federal, non-U.S. and state tax	2,048	6.4%	1,431	3.2%	(169)	(0.1)%
Other	(856)	(2.7)%	617	1.4%	(244)	(0.2)%
	$ 11,011	34.5%	$ 20,297	45.7%	$ 47,110	33.5%

The primary components of deferred taxes include:

	2010	2011
		(in thousands)
Deferred Tax Assets		
Reserves and accruals	$ 4,788	$ 8,347
Inventory	5,091	9,905
Stock awards	2,668	3,118
Interest rate swaps	1,442	621
Non-U.S. tax credit carryforwards	3,541	3,081
NOL and other tax credit carryforwards	1,579	1,332
Other	19	
Total deferred tax assets	19,128	26,404
Deferred Tax Liabilities		
Property and equipment	(4,235)	(10,077)
Goodwill and intangible assets	(23,487)	(30,519)
Unremitted non-U.S. earnings	(740)	(740)
Prepaid expenses and other	(2,419)	(1,535)
Total deferred tax liabilities	(30,881)	(42,871)
Net deferred tax liabilities	$ (11,753)	$ (16,467)

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At December 31, 2011 the Company had $3.6 million of U.S. net operating loss carryforwards that expire in 2027. The Company also had $0.5 million of non-U.S. net operating loss carryforwards with indefinite expiration dates. All of the U.S. net operating losses relate to companies acquired by the Company. Use of these losses are subject to limitations under Section 382 of the Internal Revenue Code. The Company anticipates being able to fully utilize the losses prior to their expiration.

At December 31, 2011, the Company had $3.1 million of foreign tax credit carryforwards that are expected to be utilized in the carryforward period.

Goodwill from certain acquisitions is tax deductible due to the acquisition structure as an asset purchase or due to tax elections made by the Company and the respective sellers at the time of acquisition.

The Company is required to evaluate whether it is more likely than not that deferred tax assets will be realized. The Company believes that it is more likely than not that deferred tax assets at December 31, 2010 and 2011 will be utilized to offset future taxable income and the reversal of taxable temporary differences. Consequently, no valuation allowance has been recorded in the financial statements.

The Company is required to evaluate the need to provide U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries. Taxes are provided as necessary with respect to non-U.S. earnings that are not permanently reinvested. For all other non-U.S. earnings, no U.S. taxes are provided because such earnings are intended to be reinvested indefinitely to finance non-U.S. activities.

As a result of the Combination in August 2010, the Company filed pre-acquisition tax returns for all of the parties to the Combination except FOT. The Company filed a 2010 consolidated tax return which included the full year earnings of FOT and the post-combination earnings of the other companies. The Company also files income tax returns in various states and non-U.S. jurisdictions. With few exceptions, the Company is no longer subject to income tax examination by tax authorities in these jurisdictions prior to 2007.

The Company accounts for uncertain tax positions in accordance with guidance in FASB ASC 740 which prescribes the minimum recognition threshold a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. A reconciliation of the beginning and ending amount of uncertain tax positions is as follows:

		(In thousands)
Balance at January 1, 2011	$	2,095
Additional based on tax positions related to prior years		
Reduction based on tax positions related to prior years		
Balance at December 31, 2011	$	2,095

The total amount of uncertain tax positions that, if recognized, would affect the Company s effective tax rate was approximately $1.7 million as of December 31, 2011. The difference between this amount and the amount reflected in the tabular reconciliation above relates primarily to deferred U.S. federal and non-U.S. income tax benefits on uncertain tax positions related to U.S. federal and non-U.S. income taxes. The Company does not anticipate any significant changes to the unrecognized tax benefits within the next twelve months.

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The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes in the consolidated statement of income. As of December 31, 2010 and 2011, we had accrued approximately $0.1 million, in interest and penalties. During the years ended December 31, 2010 and 2011, we recognized no change in the interest and penalties related to uncertain tax positions.

As of December 31, 2011, the uncertain tax positions and accrued interest and penalties were not expected to be settled within one year and therefore are classified with other long-term liabilities. There were no increases or decreases to the balance in 2011.

9. Derivatives

During the year ended December 31, 2011, the Company had interest rate swap agreements to convert variable interest payments related to $34 million of floating rate debt to fixed interest payments. These swaps expired in March and November 2011. During the year ended December 31, 2011, the Company also had an interest rate collar arrangement to reduce the variability in interest payments related to $20 million in floating rate debt. This interest rate collar instrument expired in November 2011. These instruments were designated as cash flow hedging instruments and changes in their fair values were recognized in accumulated other comprehensive income or loss. The Company s consolidated balance sheets at December 31, 2010 and 2011 included a derivative liability of approximately $2.2 million and zero, respectively.

Certain derivative instruments were not designated for hedge accounting at inception. These derivatives are also recorded at fair value, which is measured using the market approach valuation technique. These interest rate swap agreements were entered into to hedge interest rate risk exposure. At December 31, 2010, the fair value of the swap agreements was recorded as a long-term liability of $2.2 million. At December 31, 2011, the fair value of the swap agreements was recorded as a current and long-term liability of $0.2 million and $1.6 million, respectively. Related to these swaps, the Company recorded $0.4 million as interest income and $0.4 million of interest expense in the years ended December 31, 2010 and 2011, respectively.

Our financial assets and liabilities are measured at fair value on a recurring basis. There were no outstanding financial assets as of December 31, 2010 and 2011. The following fair value hierarchy table presents information about the Company s financial liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2011:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2010
				(in thousands)
Liabilities				
Interest rate derivatives	$	$	$ 4,356	$ 4,356
Total Liabilities	$	$	$ 4,356	$ 4,356

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	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2011
				(in thousands)
Liabilities				
Interest rate derivatives	$	$	$ 1,773	$ 1,773
Total Liabilities	$	$	$ 1,773	$ 1,773

The following table sets forth a reconciliation of changes for the years ended December 31, 2009, 2010 and 2011 in the fair value of financial liabilities classified as Level 3 in the fair value hierarchy.

	2009	2010	December 31, 2011
			(in thousands)
Balance at beginning of period	$ (6,618)	$ (6,007)	$ (4,356)
Total Gains or (Losses) (Realized or Unrealized):			
Included in Earnings	(1,001)	(441)	389
Included in Other Comprehensive Income	1,612	2,092	2,194
Purchases, Issuances and Settlements			
Transfers In and/or Out of Level 3			
Balance at end of period	$ (6,007)	$ (4,356)	$ (1,773)

10. Commitments and contingencies

Litigation

In the ordinary course of business, the Company is, and in the future, could be involved in various pending or threatened legal actions, some of which may or may not be covered by insurance. Management has reviewed pending judicial and legal proceedings, reasonably anticipated costs and expenses in connection with such proceedings, and availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are believed to be probable and can be estimated. The reserve accrued at December 31, 2011 is insignificant. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not have a material adverse effect on the Company s financial statements.

Portland Harbor Superfund litigation

In May 2009, one of our subsidiaries (which is presently a dormant company with nominal assets except for rights under insurance policies) was named along with many defendants in a suit filed by the Port of Portland, Oregon seeking reimbursement of costs related to a five-year study of contaminated sediments at the port. In March 2010, the subsidiary also received a notice letter from the EPA indicating that it had been identified as a potentially responsible party with respect to environmental contamination in the study area for the Portland Harbor Superfund Site. Under a 1997 indemnity agreement, our subsidiary is indemnified by a third party with respect to losses relating to environmental contamination. As required under the indemnity agreement, our

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subsidiary provided notice of these claims, and the indemnitor has assumed responsibility and is providing a defense of the claims. Although we believe that it is unlikely that our subsidiary contributed to the contamination at the Portland Harbor Superfund Site, the potential liability of our subsidiary and the ability of the indemnitor to fulfill its indemnity obligations cannot be quantified at this time.

Operating leases

The Company has operating leases for warehouse, office space, manufacturing facilities and equipment. The leases generally require the Company to pay certain expenses including taxes, insurance, maintenance, and utilities. The minimum future lease commitments under noncancelable leases in effect at December 31, 2011 are as follows:

	(In thousands)
2012	$ 13,444
2013	10,726
2014	6,579
2015	4,398
2016	3,838
Thereafter	13,961
	$ 52,946

Total rent expense was $9.2 million, $11.6 million and $11.0 million under operating leases for the years ended December 31, 2009, 2010 and 2011, respectively.

Letters of credit and guarantees

The Company executes letters of credit in the normal course of business to secure the delivery of product from specific vendors and also to guarantee the Company fulfilling certain performance obligations relating to certain large contracts. At December 31, 2011, the Company had $4.2 million in letters of credit.

11. Stockholders equity and employee benefit plans

Combination

On August 2, 2010, the Company completed the Combination pursuant to which the shareholders of the companies exchanged all of their common stock for common stock of FOT. In conjunction with the Combination, FOT changed its name to Forum Energy Technologies, Inc.

The shareholders received the following number of FET shares for each share of the respective companies.

Triton	.3562 shares
Subsea	.3168 shares
Global Flow	.9886 shares
Allied	.4623 shares

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In conjunction with the Combination, other events occurred including;

- the conversion of options to purchase shares of the legacy companies shares to options to purchase FET shares,
- the conversion of certain restricted legacy shares to FET restricted shares,
- conversion of certain legacy options and shares to cash
- an offer by the majority shareholder to purchase shares from other shareholders, and
- an offer for shareholders to purchase additional FET shares.

Conversion of options and restricted shares

FOT

While FOT changed its name to FET, option holders of FOT common stock retained their options unchanged. FOT restricted stock was also unchanged due to the Combination.

Allied, GFT and SSI options

The options related to Allied, GFT and Subsea were converted based on the conversion ratios described above. The respective exercise price changed in proportion so that the total expected proceeds from the now converted options to purchase FET shares would be the same as the expected proceeds from the legacy options.

Triton Series A and B units

Triton had issued Series A and B time-based management units which vested over time into common units. Depending on certain factors such as whether the person was an accredited investor or the person s country of residency, the Series A units converted into:

- options to purchase FET shares at a ratio of .25 options per each Series A unit, or
- restricted or unrestricted FET shares based on the legacy vesting schedule at a ratio of .171 share per each Series A unit, and/or cash.

Depending on certain factors, the Series B units converted into:

- options to purchase FET shares at a ratio of .4809 options per each Series B unit, or
- cash.

Offer to purchase shares

In conjunction with the Combination, the Company purchased 3,253,706 FET shares or approximately $25 million at a price of $7.68 each share. The amount is included in Treasury Stock in the Company s consolidated balance sheet.

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Offer to sell shares

In conjunction with the Combination, the Company offered to sell FET shares to certain accredited investors at a price of $7.68 per share. In addition to this offer, purchasers obtained a warrant to purchase additional FET shares equal to one-half of the number of FET shares purchased. The warrants are discussed below. Detail of the purchased shares is as follows:

Purchaser	Shares purchased	Amount	Warrants granted
Majority shareholder	6,507,412	$ 50.0 million	3,253,706
All others	1,578,420	$ 12.1 million	788,877

Capital from the majority shareholder

In addition to the above $50 million from the majority shareholder, the same shareholder purchased an additional $50 million of common shares in June 2011. Based on the price of $8.07 per share, 3,098,824 warrants were issued. Similar to the initial purchase of shares, the shareholder received a warrant to purchase one share of common stock for every two shares purchased.

Warrants

The warrants issued pursuant to the above have an initial exercise price of $7.68 per FET share and are exercisable any time up to the expiration date. The exercise price increases 0.5% at the end of each month which equates to an annual increase of 6%. The warrants expire the earlier of five years from the initial issuance or 2.5 years after the consummation of an initial public offering of the Company stock or if other events occur such as a merger with another company.

The warrants outstanding as of December 31, 2011 were recorded to stockholders equity at their fair value. For the warrants issued in August 2010, a fair value of $1.94 per warrant was determined using the Black-Scholes pricing model with the following assumptions:

Expected life of 5 years
Volatility of 36.2%
Dividend yield of 0%
Risk-free interest rate of 2.05%

For the warrants issued in June 2011, a fair value of $6.19 per warrant was determined using the Black-Scholes pricing model with the following assumptions:

Expected life of 4 years
Volatility of 38.7%
Dividend yield of 0%
Risk-free interest rate of 0.99%

Employee benefit plans

Each of the legacy entities maintained separate employee savings plans such as contributory profit sharing plans and/or 401(k) savings plan, which benefit eligible employees. Employees are allowed to make contributions to the respective plan in which they participate up to certain limits. The companies made employer contributions either at their discretion or as a matching percentage. The expense under these various plans were $2.9 million, $3.3 million and $4.3 million for the years ended December 31, 2009, 2010 and 2011, respectively.

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12. Stock based compensation

FET share-based compensation plan

In August 2010, the Company created the 2010 Stock Incentive Plan (the Plan) to allow for employees, directors and consultants of the Company and its subsidiaries to maintain stock ownership in the Company through award of stock options, restricted stock or any combination thereof. When certain legacy Triton units were converted, the options granted in 2010 were from this Plan.

Stock options

The exercise price of each option is based on the fair value of the Company s stock at the date of grant. Options may be exercised over a ten-year period and generally vest annually in equal increments over four years. The Company s policy for issuing stock upon a stock option exercise is to issue new shares. The following tables provide additional information related to the options:

2010 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value (in thousands)
Beginning balance		$		$
Granted	5,372,252	7.81		
Exercised				
Forfeited				
Total outstanding	5,372,252	7.81	9.4	$ 7,369
Options exercisable	201,058	$ 8.35	6.6	$ 168

The above intrinsic value at December 31, 2010, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2010.

The assumptions used in the Black-Scholes to estimate the fair value of the options granted in 2010 are as follows:

	2010
Weighted average fair value	$ 2.84
Assumptions	
Expected life (in years)	6.25
Volatility	34%
Dividend yield	0.0%
Risk free interest rate	1.54% - 2.0%

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2011 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	5,372,252	$ 7.81	9.4	$ 7,369
Granted	503,755	13.65		
Exercised	(4,181)	7.68		
Forfeited	(64,010)	8.30		
Total outstanding	5,807,816	8.32	8.5	$ 45,880
Options exercisable	1,622,043	$ 8.14		$ 13,126

The above intrinsic value at December 31, 2011, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2011.

The assumptions used in the Black-Scholes to estimate the fair value of the options granted in 2011 are as follows:

	2011
Weighted average fair value	$ 5.08
Assumptions	
Expected life (in years)	6.25
Volatility	34%
Dividend yield	0.0%
Risk free interest rate	1.19% - 2.64%

The intrinsic value of the options exercised during 2011 was less than $0.1 million. The above intrinsic value at December 31, 2011, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2011.

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FOT share-based compensation plan

FOT s 2005 Stock Incentive Plan (the FOT Plan) permitted employees, directors and consultants of FOT and its subsidiaries to maintain stock ownership in the Company through award of stock options, restricted stock or any combination thereof. For stock options, the exercise price of each option is based on the fair value of the Company s stock at the date of grant and the options may be exercised over a five-year period and vest annually in equal increments over three or four years. The Company s policy for issuing stock upon a stock option exercise is to issue new shares. The following tables provide additional information related to the options:

2009 Activity	**Number of shares**	**Weighted average exercise price**	**Remaining weighted average contractual life in years**	**Intrinsic value**
				(in thousands)
Beginning balance	1,194,397	$ 5.97		$
Granted	421,060	6.08		
Exercised	(22,459)	3.38		
Forfeited	(241,943)	5.14		
Total outstanding	1,351,055	6.22	2.9	$
Options exercisable	353,091	$ 4.35	1.6	$ 614

2010 Activity	**Number of shares**	**Weighted average exercise price**	**Remaining weighted average contractual life in years**	**Intrinsic value**
				(in thousands)
Beginning balance	1,351,055	$ 5.97	2.9	$
Granted				
Exercised	(18,500)	2.70		
Forfeited	(70,300)	4.89		
Total outstanding	1,262,255	6.32	2.9	$
Options exercisable	915,454	$ 6.03	1.4	$ 2,890

2011 Activity	**Number of shares**	**Weighted average exercise price**	**Remaining weighted average contractual life in years**	**Intrinsic value**
				(in thousands)
Beginning balance	1,262,255	$ 5.97	2.9	$

Granted						
Exercised	(240,796)		5.11			
Forfeited	(160,358)		4.32			
Total outstanding	861,101		7.05	1.6	$	7,896
Options exercisable	626,595	$	7.30	1.3	$	5,583

The intrinsic value of the options exercised during 2009 was less than $0.1 million. The above intrinsic value at December 31, 2009 is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2009.

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The intrinsic value of the options exercised during 2010 was approximately $0.1 million. The above intrinsic value at December 31, 2010 is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2010.

The intrinsic value of the options exercised during 2011 was approximately $2.7 million. The above intrinsic value at December 31, 2011 is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2011.

The assumptions used in the Black-Scholes to estimate the fair value of the options granted in 2009 are as follows:

	2009
Weighted average fair value	$ 1.81
Assumptions	
Expected life (in years)	3.8
Volatility	39%
Dividend yield	0.0%
Risk free interest rate	0.32%

Allied share-based compensation plan

Stock option awards granted under the Allied plan generally vest over a four-year period, with one-fourth vesting in each successive year so that the option is fully exercisable after four years. Such awards generally have ten-year contractual terms.

The following provides additional information related to the options:

2009 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
			(in thousands)	
Beginning balance	936,026	$ 5.84	9.0	$ 1,864
Granted	73,519	5.84		
Exercised	(851)	5.84		
Forfeited	(6,808)	5.84		
Total outstanding	1,001,886	5.84	8.2	$ 235
Options exercisable	689,088	$ 5.84	8.0	$ 162

2010 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)

Beginning balance	1,001,886	$	5.84	8.2	$	235
Granted						
Exercised						
Forfeited	(520,368)		5.84			
Total outstanding	481,518		5.84	7.2	$	1,610
Options exercisable	312,946	$	5.84	7.0	$	1,046

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2011 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	481,518	$ 5.84	7.2	$ 1,610
Granted				
Exercised				
Forfeited	(21,349)	5.84		
Total outstanding	460,169	5.84	6.2	$ 4,772
Options exercisable	415,917	$ 5.84	6.0	$ 4,313

The assumptions used in the Black-Scholes to estimate the fair value of the options granted in 2009 are as follows:

	2009
Weighted average fair value	$ 1.05
Assumptions	
Expected life (in years)	6.25
Volatility	50%
Dividend yield	0.0%
Risk free interest rate	2.79%

GFT share based compensation plan

GFT had its 2005 Stock Incentive Plan (the GFT Plan) which provided for the granting of nonqualified stock options, restricted stock awards, or any combination of the foregoing, as is best suited to the circumstances of the particular employee, consultant or director as provided herein. Option awards under the Plan vest 33% on the first anniversary of the grant date and 33% each year for the following two years and expire seven years from the grant date.

The following provides additional information related to the options:

2009 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	632,441	$ 3.59	5.9	$ 3,104
Granted				
Exercised				
Forfeited				
Total outstanding	632,441	3.59	4.9	$ 2,691

Options exercisable	304,029	$	3.24	4.9	$ 1,391

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2010 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	592,185	$ 3.59	3.9	$ 1,467
Granted				
Exercised				
Forfeited	(44,844)	3.49		
Total outstanding	547,341	3.62	2.9	$ 3,052
Options exercisable	547,341	$ 3.62	2.9	$ 3,052

2011 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	547,341	$ 3.62	2.9	$ 3,052
Granted				
Exercised	(18,500)	2.73		
Forfeited				
Total outstanding	528,841	3.65	1.9	$ 6,649
Options exercisable	528,841	$ 3.65	1.9	$ 6,649

The intrinsic value of the options exercised during 2011 was approximately $0.3 million. The above intrinsic value at December 31, 2010, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2010.

SSI share-based compensation plan

Effective January 2007, the Company established the Subsea Services International, Inc. 2007 Stock Incentive Plan (SSI Plan). Awards granted under this plan generally vest over three years and have a six year contractual term. The following provides more information related to these options:

2009 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	34,854	$ 8.54	5.2	$
Granted	21,719	8.54		
Exercised				

Forfeited					
Total outstanding	56,573		8.54	4.2	$
Options exercisable	23,273	$	8.54	3.4	$

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2010 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(in thousands)
Beginning balance	56,573	$ 8.54	4.2	$
Granted	11,692	8.54		
Exercised				
Forfeited				
Total outstanding	68,265	8.54	3.2	$ 45
Options exercisable	42,069	$ 8.54	2.4	$ 28

2011 Activity	Number of shares	Weighted average exercise price	Remaining weighted average contractual life in years	Intrinsic value
				(In thousands)
Beginning balance	68,265	$ 8.54	3.2	$ 45
Granted				
Exercised				
Forfeited	(24,457)	8.54		
Total outstanding	43,808	8.54	2.5	$ 337
Options exercisable	31,302	$ 8.54	2.0	$ 241

Restricted stock for FET combined

Restricted stock vests over a three or four year period from the date of grant. Further information about the restricted stock follows:

	Restricted stock
2009 Activity	
Nonvested at the beginning of the year	449,106
Granted	46,176
Vested	(203,426)
Cancelled	(22,200)
Nonvested at the end of the year	269,656
2010 Activity	
Nonvested at the beginning of the year	269,656
Granted	243,312
Vested	(152,921)

Cancelled	(24,013)
Nonvested at the end of the year	336,034
2011 Activity	
Nonvested at the beginning of the year	336,034
Granted	433,344
Vested	(159,322)
Cancelled	(1,073)
Nonvested at the end of the year	608,983

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The weighted average grant date fair value of the restricted stock was $6.08, $7.62 and $13.73 per share during the years ended December 31, 2009, 2010 and 2011, respectively.

For all the plans, the total amount of compensation expense recorded was approximately $3.3 million, $5.1 million and $5.2 million for the years ended December 31, 2009, 2010 and 2011, respectively. As of December 31, 2011, the Company expects to record compensation expense of approximately $12.1 million over the remaining term of the restricted stock and options of approximately 3 years. Future stock option grants will result in additional compensation expense.

13. Related party transactions

FOT has related party transactions, including sales and leasing activity with certain former owners of acquired companies or certain stockholders. The dollar amounts related to these related party activities are not significant to the Company s consolidated financial statements. For GFT, in conjunction with the acquisition of one of its subsidiaries, the Company entered into various operating lease agreements with the former principals for office and warehouse space. For the years ended December 31, 2009, 2010 and 2011, the Company paid $0.3 million each year in lease payments to these affiliates. GFT also utilizes a certain agent, which is owned by a former owner. The amount paid to this agent for the years ended December 31, 2010 and 2011 was $0.2 million and $0.1 million, respectively.

Allied leases two facilities from a stockholder in FET. Allied paid $0.8 million, $0.9 million and $0.9 million in lease payments for the years ended December 31, 2009, 2010 and 2011, respectively. Allied purchased inventory and services from a shareholder of $3.1 million, $4.2 million and $4.8 million from a shareholder for the years ended December 31, 2009, 2010 and 2011, respectively. The Company sold $1.6 million, $0.1 million and $4 million of equipment and services to a shareholder during the years ended December 31, 2009, 2010 and 2011, respectively.

14. Business segments

The Company s operations are divided into the following operating segments, which are our reportable segments: (1) Drilling and Subsea, (2) Production and Infrastructure and (3) Corporate. Our Drilling and Subsea segment designs, manufactures, and provides products and related services to the drilling and intervention sectors as well as to the subsea services and construction sectors. The Company s Production and Infrastructure segment designs, manufactures and provides surface process and pipeline equipment, specialty pipeline construction equipment, a broad range of valves, surface completion and flow equipment, and offer supporting aftermarket services.

The Company s reportable segments are strategic units that offer distinct products and services. They are managed separately since each business segment requires different marketing strategies due to customer specifications. Operating segments have not been aggregated as part of a reportable segment**.** The Company evaluates the performance of its reportable segments based on operating income. This segmentation is representative of the manner in which our Chief Operating Decision Maker (CODM) and our Board of Directors views the business. We consider the CODM to be the Chief Executive Officer.

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Summary financial data by segment follows (in thousands):

	Year ended December 31, 2009					
	Drilling and subsea	Production and infrastructure	Corporate	Consolidated	Gain/(Loss) on sale of assets not part of segment income	Total
Revenues	$ 455,019	$ 222,359	$	$ 677,378	$	$ 677,378
Depreciation and amortization	30,296	8,142		38,438		38,438
Operating income	38,226	12,118		50,344	(137)	50,207
Capital expenditures	12,487	2,591		15,078		15,078

	Year ended December 31, 2010					
	Drilling and subsea	Production and infrastructure	Corporate	Consolidated	Gain/(Loss) on sale of assets not part of segment income	Total
Revenues	$ 474,306	$ 273,029	$	$ 747,335	$	$ 747,335
Depreciation and amortization	25,777	7,439		33,216		33,216
Operating income	53,533	22,614	(3,331)	72,816	461	73,277
Capital expenditures	13,188	6,436		19,624		19,624
Total Assets	637,395	179,686	1,251	818,332		818,332
Goodwill	275,528	18,853		294,381		294,381

	Year ended December 31, 2011							
	Drilling and subsea	Production and infrastructure	Corporate	Consolidated	Gain/(Loss) on sale of assets not part of segment income	Contingent Consideration not part of segment income	Transaction expenses not part of segment income	Total
Revenues	$ 659,430	$ 468,701	$	$ 1,128,131	$	$	$	$ 1,128,131
Depreciation and amortization	30,853	9,845	77	40,775				40,775
Operating income	117,927	77,997	(20,237)	175,687	634	(12,100)	(3,608)	160,613
Capital expenditures	22,774	13,621	4,768	41,163				41,163
Total assets	1,193,128	388,570	25,617	1,607,315				1,607,315
Goodwill	523,019	77,808		600,827				600,827

For internal management reporting, and therefore in the above segment information, Corporate includes expenses associated with the Company s corporate office.

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Revenues by shipping location and long-lived assets by country were as follows (in thousands):

	Year ended December 31,		
	2009	**2010**	**2011**
Revenues:			
United States	$ 352,578	$ 408,615	$ 707,092
Europe & Africa	131,600	119,204	162,694
Canada	55,100	69,624	102,916
Asia-Pacific	86,800	105,419	89,323
Middle East	23,000	18,245	33,318
Latin America	28,300	26,228	32,788
Total revenues	$677,378	$747,335	$1,128,131

	As of December 31,	
	2010	**2011**
Long-lived assets:		
United States	$ 254,615	$ 712,517
Europe & Africa	191,487	190,384
Canada	17,545	72,974
Asia-Pacific	7,776	7,495
Middle East	3,251	3,199
Latin America	1,551	2,160
Total long lived assets	$ 476,225	$ 988,729

Revenues by product lines were as follows (in thousands):

	Year ended December 31,		
	2009	**2010**	**2011**
Revenues:			
Drilling Technologies	$ 255,425	$ 277,573	$ 372,046
Subsea Technologies	199,594	196,733	220,944
Downhole Technologies			66,440
Production Equipment	87,686	125,557	178,110
Valve Solutions	134,673	147,472	173,836
Flow Equipment			116,755
Total revenues	$ 677,378	$ 747,335	$ 1,128,131

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15. Discontinued operations

Due to deteriorating economic conditions and the uncertainty surrounding the political climate, during 2009 GFT discontinued the valve operations of its Venezuelan subsidiary. For the year ended December 31, 2009, the subsidiary incurred losses of $1.3 million.

The results of discontinued operations for the year ended December 31, 2009 were as follows (in thousands):

Net sales	$ 104
Operating loss from discontinued operations	(1,342)
(Provision) benefit from income taxes	
Loss from discontinued operations	$ (1,342)

The Company reclassified the results of operations for the subsidiary from continuing operations to discontinued operations, for the period presented.

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Davis-Lynch, Inc.

Financial statements for the year ended December 31, 2010

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Report of independent registered public accounting firm

To the Owner of

Davis-Lynch, Inc.:

We have audited the accompanying balance sheet of Davis-Lynch, Inc. (the Company) as of December 31, 2010 and the related statements of operations, of changes in stockholder s equity and of cash flows for each of the two years in the period ended December 31, 2010. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Davis-Lynch, Inc. as of December 31, 2010 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ UHY LLP

Houston, Texas

August 26, 2011

Davis-Lynch, Inc.

Balance sheets

	December 31, 2010
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 81,642,230
Accounts receivable trade, net	19,865,005
Inventory, net	25,044,231
Prepaid expenses and other assets	288,959
TOTAL CURRENT ASSETS	126,840,425
PROPERTY AND EQUIPMENT, net	1,041,298
TOTAL ASSETS	$ 127,881,723
LIABILITIES AND STOCKHOLDER S EQUITY	
CURRENT LIABILITIES	
Accounts payable, trade	$ 4,163,096
Accrued expenses and other liabilities	3,236,188
TOTAL CURRENT LIABILITIES	7,399,284
TOTAL LIABILITIES	7,399,284
COMMITMENTS AND CONTINGENCIES (NOTE E AND H)	
STOCKHOLDER S EQUITY	
Common stock; $1 par value; 240,000 shares authorized, issued and outstanding	240,000
Retained earnings	120,242,439
TOTAL STOCKHOLDER S EQUITY	120,482,439
TOTAL LIABILITIES AND STOCKHOLDER S EQUITY	$ 127,881,723

See accompanying notes to financial statements.

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Davis-Lynch, Inc.

Statements of operations

	Year ended December 31, 2010	2009
NET SALES	$ 89,151,747	$ 60,043,232
COST OF SALES	37,381,245	18,024,713
GROSS PROFIT	51,770,502	42,018,519
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	13,943,185	12,637,033
OPERATING INCOME	37,827,317	29,381,486
OTHER INCOME (EXPENSE)		
Interest income	329,852	278,337
Interest expense		(1,000,000)
Loss from unauthorized employee activities		(2,284,580)
Other, net	148,370	(6,212)
TOTAL OTHER INCOME (EXPENSE)	478,222	(3,012,455)
NET INCOME BEFORE INCOME TAX EXPENSE	38,305,539	26,369,031
STATE INCOME TAX EXPENSE	1,569,837	157,412
NET INCOME	$ 36,735,702	$ 26,211,619

See accompanying notes to financial statements.

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Davis-Lynch, Inc.

Statements of changes in stockholder s equity

For the years ended December 31, 2010 and 2009

	Common stock	Retained earnings	Total stockholder s equity
Balance, January 1, 2009	240,000	72,295,118	72,535,118
Dividends		(10,000,000)	(10,000,000)
Net income		26,211,619	26,211,619
Balance, December 31, 2009	240,000	88,506,737	88,746,737
Dividends		(5,000,000)	(5,000,000)
Net income		36,735,702	36,735,702
Balance, December 31, 2010	$ 240,000	$ 120,242,439	$ 120,482,439

See accompanying notes to financial statements.

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Davis-Lynch, Inc.

Statements of cash flows

	Year ended December 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 36,735,702	$ 26,211,619
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	495,627	600,023
Provision for bad debts		88,515
Provision for inventory obsolescence	1,230,458	4,400,000
Gain on sale of property and equipment	(26,182)	(9,609)
Changes in operating assets and liabilities:		
Accounts receivable, trade	(8,835,279)	11,654,639
Inventories	1,815,817	(9,378,607)
Prepaid expenses and other assets	4,894	91,217
Accounts payable, trade	(344,007)	(5,705,293)
Accrued expenses and other liabilities	2,152,067	(702,751)
Accrued interest		(1,000,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,229,097	26,249,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	49,000	16,145
Purchases of property and equipment	(154,374)	(104,822)
NET CASH USED IN INVESTING ACTIVITIES	(105,374)	(88,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable, stockholder		10,000,000
Payment of notes payable, stockholder		(20,000,000)
Payment of dividends	(5,000,000)	(10,000,000)
NET CASH USED IN FINANCING ACTIVITIES	(5,000,000)	(20,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,123,723	6,161,076
CASH AND CASH EQUIVALENTS, beginning of year	53,518,507	47,357,431
CASH AND CASH EQUIVALENTS, end of year	$ 81,642,230	$ 53,518,507
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$	$ 2,000,000
State taxes paid	$ 267,499	$ 165,000
NON-CASH ACTIVITIES:		
Write off of fully depreciated property and equipment	$	$ 660,588

See accompanying notes to financial statements.

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Davis-Lynch, Inc.

Notes to financial statements

Note A Organization and nature of business

Davis-Lynch, Inc. (the Company) is a Subchapter S Corporation formed in 1947 that is privately and wholly owned by Carl A. Davis, President. The Company s line of business includes designing, manufacturing, and marketing cementing equipment with operations solely in the United States. The Company operates in one segment. It sells its products primarily in the United States and through distributors in certain foreign geographic areas such as the Middle East, Africa, and South America. Originally a manufacturer of float equipment, the Company has expanded its product line to include a full line of centralizers and primary cementing aids, multi-purpose float collars, stage cementing tools, inner-string cementing tools, inflatable packers, flotation collars, cementing plugs, fill and circulate tools for running casing, casing hangers and drive pipe landing rings, as well as surge reduction equipment. The Company s headquarters are located in Pearland, Texas. The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Note B Summary of significant accounting policies

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents consists of cash in banks, money market funds, and certificates of deposit with original maturities of three months or less.

The Company reclassified overdrafts of approximately $1.1 million from cash and cash equivalents to accounts payable at December 31, 2009. There were no cash overdrafts at December 31, 2010.

Allowance for doubtful accounts: Earnings are charged with a provision for doubtful accounts based upon a current review of the collectability of accounts from customers. Accounts deemed uncollectible are applied against the allowance for doubtful accounts. Accounts receivable, trade was net of an allowance for doubtful accounts of $1,055,817 at December 31, 2010 and 2009, respectively. Bad debt expense totaled $0 and $88,515 for the years ended December 31, 2010 and 2009, respectively.

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Inventory: Inventories are stated at the lower of cost or market value using an average standard cost. Cost is determined using standard cost, which approximates average cost, and includes the application of related direct labor and overhead. The Company periodically evaluates the components comprising its inventories and reviews for items that have not been utilized over a certain period of time based on current products in production, physical condition, and future applicability to be utilized in production to determine its obsolescence reserve. Inventory obsolescence expense totaled $1,230,458 and $4,400,000 for the years ended December 31, 2010 and 2009, respectively. Inventories consist of the following:

	December 31, 2010	2009
Raw material	$ 8,502,006	$ 14,915,896
Work-in-process	9,317,852	2,951,182
Finished goods	12,854,831	14,623,428
	30,674,689	32,490,506
Less: obsolescence reserve	(5,630,458)	(4,400,000)
Inventory, net	$ 25,044,231	$ 28,090,506

Property and equipment: Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the related assets using the straight-line method. Maintenance and repairs are charged to expense as incurred and significant renewals and betterments are capitalized. The cost and related accumulated depreciation of assets retired or otherwise disposed of are eliminated from the accounts, and any resulting gains or losses are recognized in operations in the year of disposal.

Property and equipment, net and related accumulated depreciation consist of the following:

	Estimated useful life	December 31, 2010	2009
Autos	3-20 years	$ 440,544	$ 452,121
Forklifts	3-10 years	321,033	321,033
Machinery and equipment	7-30 years	7,703,908	7,908,692
Leasehold improvements		2,314,447	2,314,447
		10,779,932	10,996,293
Less: accumulated depreciation and amortization		(9,738,634)	(9,590,924)
Property and equipment, net		$ 1,041,298	$ 1,405,369

For the years ended December 31, 2010 and 2009, depreciation expense related to property and equipment totaled $495,627 and $600,023, respectively. For the years ended December 31, 2010 and 2009, $452,902 and $536,560, respectively, of depreciation expense is included in cost of sales and $42,725 and $63,463, respectively, is included in selling, general and administrative expenses in the accompanying statements of operations. Repairs and maintenance expense totaled $521,435 and $209,339 for the years ended December 31, 2010 and 2009, respectively.

Impairment of long-lived assets: The Company reviews the recoverability of its long-lived assets, such as plant, property and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable and the expected future pre-tax cash flows (undiscounted) to be generated by those assets are less than the

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carrying value of the assets. In such case, the impairment loss would be equal to the amount by which the carrying value exceeds estimated fair market value of the related assets. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. The Company determined that no impairment had occurred during the year ended December 31, 2010 and 2009.

Income taxes: As the Company is a Subchapter S Corporation, there is no provision for federal income taxes reflected in the financial statements as the Company is not subject to federal income taxes. Earnings are included in the owner s personal income tax return.

Effective January 1, 2009, the Company adopted guidance in Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, for the accounting for the uncertainty in income taxes. The guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two step process. A determination is made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The adoption of this guidance did not impact the Company s financial position, results of operations, or cash flows as the income tax positions taken by the Company for any years open under the various statute of limitations is that the Company continues to be exempt from federal income taxes by virtue of its pass through status and that federal income tax is attributable to its owner. Management believes that this tax position meets the more likely than not threshold and accordingly, the tax benefit of this income tax position (no federal income tax expense or liability) has been recognized for the years ended on or before December 31, 2010.

The Company records income tax related interest and penalties as a component of the provision for income taxes. For the year ended December 31, 2010, the Company recorded approximately $177,000 of interest and $53,000 in penalties related to state income taxes. For the year ended December 31, 2009, the Company did not record any income tax related interest or penalties. The Company believes there is no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date.

During 2010, the Company underwent a tax audit by the State of Louisiana (the State). As a result of this audit, it was determined the Company owed additional taxes totaling $1,249,246, inclusive of interest and penalties, to the State. This amount was reflected in the December 31, 2010 financial statements and was subsequently paid in January 2011. No other state tax returns are currently under examination by state authorities. However, fiscal years 2007 and later remain subject to examination by the respective states in which the Company does business.

In May 2006, the State of Texas enacted a bill that replaced the existing state franchise tax with a margin tax. Effective January 1, 2007, the margin tax applies to legal entities conducting business in Texas, including previously non-taxable entities such as limited partnerships and limited liability partnerships. The margin tax is based on Texas sourced taxable margin. The tax is calculated by applying a tax rate to a base rate that considers both revenues and expenses and therefore has the characteristics of an income tax. As a result, the Company recorded $146,825 and $134,389 in estimated state income taxes for the years ended December 31, 2010 and 2009,

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respectively, that is solely attributable to the Texas margin tax and is included in state income tax expense in the accompanying statements of operations. The Company also recorded $1,423,012 and $23,023 in state income taxes for the years ended December 31, 2010 and 2009, respectively, attributable to various other states in which the Company conducts business.

Concentrations of credit risk: Financial instruments that potentially subject the Company to credit risk are cash and cash equivalents and trade accounts receivable. The Company maintains cash balances in high credit quality financial institutions which at times may exceed federally insured limits. The Company monitors the financial condition of these institutions and has experienced no losses associated with these accounts. The Company extends credit to customers throughout the United States of America and certain foreign countries. The Company s allowance for doubtful accounts is based upon a current review of collectability for each customer taking into consideration current market conditions and other factors.

The Company s primary customers are in the energy industry. As such, the Company could be affected by events that affect this industry such as natural disasters, political unrest, terrorism, oil prices and domestic policies regarding energy related industries.

In October 2008, the Federal Deposit Insurance Corporation increased its insurance to $250,000 per depositor, and to an unlimited amount for non-interest bearing accounts. The coverage increase, which is temporary, extends through December 31, 2013.

Revenue recognition: Revenue is recognized when products are shipped or services are performed.

Shipping and handling fees and costs: Shipping and handling fees, if billed to customers, are included in net sales. Shipping and handling costs are classified as cost of sales.

Reclassifications: Certain reclassifications of 2009 amounts were made to conform to the current period presentation. Such reclassifications had no impact on 2009 reported net income or stockholder s equity.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions, including those related to its allowance for doubtful accounts, inventory obsolescence, impairment for property and equipment and contingencies. Actual results could differ from these estimates.

Environmental remediation: The Company accounts for environmental remediation in accordance with ASC Topic 410, *Asset Retirement and Environmental Obligations*. In accordance with this guidance, liabilities are recorded when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liability are based upon currently available facts, existing technology and presently enacted laws and regulations, taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs.

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Fair value of financial instruments: Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable and accounts payable. The Company s management considers the carrying values of cash and cash equivalents, accounts receivable and accounts payable to be representative of their respective fair values because of their short-term nature.

Recent accounting standards: In June 2011, the Financial Accounting Standards Board (FASB) issued an update to ASC 220, *Presentation of Comprehensive Income*. This Accounting Standards Update (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 the Company s financial statements.

In May 2011, the FASB issued an update to ASC 820, *Fair Value Measurements*. This ASU clarifies the application of certain fair value measurement requirements and requires, among other things, expanded disclosures for Level 3 fair value measurements and the categorization by level for items for which fair value is required to be disclosed in accordance with ASC 825, *Financial Instruments*. The guidance will be applied prospectively and is effective for the Company for annual periods beginning on January 1, 2012. Early adoption is not permitted. The adoption of this standard will not have an impact on the Company s financial statements.

In October 2009, the FASB issued an update to ASC 605, *Revenue Recognition*. This ASU allows companies to allocate consideration for qualified separate deliverables using the estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. It also requires additional disclosures on the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices. The Company adopted this new guidance on January 1, 2011. Accordingly, the Company applies this guidance to transactions initiated or materially modified on or after January 1, 2011. The Company s adoption of this new guidance did not have an impact on its financial position, results of operations, cash flows or existing revenue recognition policies.

In December 2010, the FASB issued an update to ASC 805, *Business Combinations*. This ASU addressed the disclosure of comparative financial statements and expanded on the supplementary pro forma information for business combinations. The Company adopted this ASU prospectively for business combinations occurring on or after December 15, 2010.

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Note C Accrued expenses and other liabilities

Accrued expenses consisted of the following:

	December 31, 2010	2009
Sales tax payable	$ 131,164	$ 119,881
Customer credits	74,270	195,729
Accrued commissions	2,098,912	297,297
Accrued royalties	527,842	306,259
Accrued state taxes	404,000	157,412
Payroll taxes payable		7,543
	$ 3,236,188	$ 1,084,121

Note D Income taxes

The provision for income taxes consists of the following:

	December 31, 2010	2009
Texas margin tax	$ 146,825	$ 134,389
Louisiana income tax inclusive of interest and penalties	1,373,012	
Other state income taxes	50,000	23,023
Total	$ 1,569,837	$ 157,412

Note E Commitments and contingencies

In 2009, an embezzlement scheme totaling approximately $15 million was discovered by the Company, whereby former employees had submitted fraudulent invoices for payments for over a decade. The fraud came to light during a two-month examination of the Company s accounting records. The Company hired a third-party independent consultant to investigate this matter and to conduct the examination. The consultant reported their findings to management of the Company, which has begun legal action against the defendants in Federal District Court. Approximately $2.3 million of unauthorized invoices were recorded and paid in 2009 related to this matter which is included as loss from unauthorized employee activities in the statement of operations. All other amounts pertaining to this matter related to years prior to 2009. In 2010, the Company was awarded summary judgment, no amounts have been received, and no receivable has been recorded by the Company at December 31, 2010 or 2009. The Company intends to vigorously pursue this matter.

In January 2010, a favorable settlement was reached in a patent infringement lawsuit whereby the Company was the plaintiff. Terms of the settlement were not disclosed, but the defendant will pay a 10% royalty on future sales of the products included in the lawsuit. The Company recognized royalty income of $608,062 related to this settlement for the year ended December 31, 2010.

The Company is involved in various disputes arising in the ordinary course of business. Management does not believe the outcome of these disputes will have a material adverse effect on the Company s financial position, results of operations or cash flows.

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The Company leases certain equipment and office and manufacturing space under non-cancelable operating leases which expired at various dates through 2010 and now are month to month in nature. Total rental expense for the years ended December 31, 2010 and 2009 was approximately $235,000 and $189,000, respectively.

The Company has various standby letters of credit with a financial institution up to a total commitment limit of $3,000,000 of which approximately $2,503,000 was utilized at December 31, 2010. The letters of credit expire through November 2011, and support certain international operations.

Note F Related party transactions

On January 1, 2008, the Company entered into a note payable with the owner of the Company for $10,000,000, bearing interest at 10% per annum. The Company repaid the outstanding note payable plus all accrued and unpaid interest on January 2, 2009. Concurrent with the repayment on January 2, 2009, the Company entered into a new note payable agreement with the owner of the Company for $10,000,000, bearing interest at 10% per annum. The Company repaid the outstanding note payable plus all accrued and unpaid interest on December 31, 2009. Interest expense incurred on the note payable was $1,000,000 for the year ended December 31, 2009. No interest expense was incurred for the year ended December 31, 2010 as no note payable with the owner was outstanding subsequent to December 31, 2009.

The Company leases land from a related party. Total rent expense for the years ended December 31, 2010 and 2009 was approximately $120,000 in each year, respectively. During 2010 and 2009, the Company purchased supplies and materials from a related party which totaled approximately $351,000 and $150,000, respectively.

The Company utilizes a staffing company that is a related party. Total expense for the year ended December 31, 2010 to this company was approximately $2,748,000. There was no expense to this party for the year ended December 31, 2009.

Note G Significant customers

During the year ended December 31, 2010, no customer had net sales of more than 10% of total net sales. During the year ended December 31, 2009, the Company had net sales from one customer totaling approximately 10% of total net sales, or $6,162,900. At December 31, 2009, accounts receivable from the customer was $594,724.

Note H Risk and uncertainties

The current downturn in the United States economy, the moratorium on drilling in the Gulf of Mexico, and any economic slowdown in future periods, could adversely affect the Company in ways that cannot be predicted. During times of economic slowdown, the Company s customers may reduce their capital expenditures and defer or cancel pending orders. Such developments occur even among customers that are not experiencing financial difficulties. These deferrals or cancelling of capital expenditures could directly impact the demand for the Company s products and services. Additionally, bankruptcies or financial difficulties among the Company s customers could reduce its cash flows and adversely impact liquidity and profitability.

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Note I Subsequent events

The Company has evaluated all events subsequent from the balance sheet date of December 31, 2010 through August 26, 2011, and noted no subsequent events that would require recognition or disclosure in the financial statements, other than those items disclosed herein and below.

On June 23, 2011, the Company converted from a Subchapter S Corporation to a Limited Liability Company.

On June 25, 2011, Forum Energy Technologies, Inc. entered into an agreement to purchase the Company for cash, as outlined under the terms in the purchase and sale agreement, subject to certain working capital adjustments. The transaction closed on July 29, 2011.

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Davis-Lynch, Inc.

Financial statements for the six months ended June 30, 2011

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Davis-Lynch, LLC

Balance sheets

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 71,903,646	$ 81,642,230
Accounts receivable trade, net	21,552,415	19,865,005
Inventory, net	31,594,469	25,044,231
Prepaid expenses and other assets	41,280	288,959
TOTAL CURRENT ASSETS	125,091,810	126,840,425
PROPERTY AND EQUIPMENT, net	887,979	1,041,298
TOTAL ASSETS	$ 125,979,789	$ 127,881,723
LIABILITIES AND STOCKHOLDER S EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	$ 2,067,177	$ 4,163,096
Accrued expenses and other liabilities	4,472,862	3,236,188
TOTAL CURRENT LIABILITIES	6,540,039	7,399,284
TOTAL LIABILITIES	6,540,039	7,399,284
COMMITMENTS AND CONTINGENCIES (Note E)		
STOCKHOLDER S EQUITY		
Common stock; $1 par value; 240,000 shares authorized, issued and outstanding	240,000	240,000
Retained earnings	119,199,750	120,242,439
TOTAL STOCKHOLDER S EQUITY	119,439,750	120,482,439
TOTAL LIABILITIES AND STOCKHOLDER S EQUITY	$ 125,979,789	$ 127,881,723

See accompanying notes to unaudited financial statements.

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Davis-Lynch, LLC

Statements of operations

(Unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
NET SALES	$ 26,447,304	$ 22,750,235	$ 50,353,477	$ 39,699,511
COST OF SALES	10,545,532	8,609,062	19,393,377	14,664,447
GROSS PROFIT	15,901,772	14,141,173	30,960,100	25,035,064
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,437,077	4,751,250	6,186,204	6,445,339
OPERATING INCOME	12,464,695	9,389,923	24,773,896	18,589,725
OTHER INCOME				
Interest income	96,217	74,659	189,102	135,856
Other income				2,000,000
Other, net	56,556	34,218	112,359	56,991
TOTAL OTHER INCOME	152,773	108,877	301,461	2,192,847
NET INCOME BEFORE INCOME TAX EXPENSE	12,617,468	9,498,800	25,075,357	20,782,572
INCOME TAX EXPENSE	(120,000)	(45,568)	(238,367)	(65,568)
NET INCOME	$ 12,497,468	$ 9,453,232	$ 24,836,990	$ 20,717,004

See accompanying notes to unaudited financial statements.

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Davis-Lynch, LLC

Statements of changes in stockholder s equity

Six months ended June 30, 2011

	Common stock	Retained earnings	Total stockholder s equity
Balance, January 1, 2011	$ 240,000	$ 120,242,439	$ 120,482,439
Dividend *(unaudited)*		(25,879,679)	(25,879,679)
Net income *(unaudited)*		24,836,990	24,836,990
Balance, June 30, 2011 *(unaudited)*	$ 240,000	$ 119,199,750	$ 119,439,750

See accompanying notes to unaudited financial statements.

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Davis-Lynch, LLC

Statements of cash flows

(Unaudited)

	Six months ended June 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 24,836,990	$ 20,717,004
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	169,656	210,267
Provision for inventory obsolescence	(158,909)	2,659,790
Gain on sale of property and equipment	(18,322)	
Changes in operating assets and liabilities:		
Accounts receivable, trade	(1,687,410)	(6,079,655)
Inventories	(6,391,329)	(892,025)
Prepaid expenses and other assets	247,679	255,460
Accounts payable, trade	(2,095,919)	(1,806,651)
Accrued expenses and other liabilities	1,236,674	875,786
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,139,110	15,939,976
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	20,675	
Purchases of property and equipment	(18,690)	(50,144)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,985	(50,144)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividends	(25,879,679)	
NET CASH USED IN FINANCING ACTIVITIES	(25,879,679)	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,738,584)	15,889,832
CASH AND CASH EQUIVALENTS, beginning of period	81,642,230	53,518,507
CASH AND CASH EQUIVALENTS, end of period	$ 71,903,646	$ 69,408,339
SUPPLEMENTAL DISCLOSURES:		
State taxes paid	$ 1,679,445	$ 157,412

See accompanying notes to unaudited financial statements.

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Davis-Lynch, Inc.

Notes to financial statements

Note A Organization and nature of business

Davis-Lynch, LLC (the Company) is a Subchapter S Corporation that converted to a limited liability company on June 23, 2011. The Company was formed in 1947 and is privately and wholly owned by Carl A. Davis, President. The Company s line of business includes designing, manufacturing, and marketing cementing equipment with operations solely in the United States. The Company operates in one segment. It sells its products primarily in the United States and through distributors in certain foreign geographic areas such as the Middle East, Africa, and South America. Originally a manufacturer of float equipment, the Company has expanded its product line to include a full line of centralizers and primary cementing aids, multi-purpose float collars, stage cementing tools, inner-string cementing tools, inflatable packers, flotation collars, cementing plugs, fill and circulate tools for running casing, casing hangers and drive pipe landing rings, as well as surge reduction equipment. The Company s headquarters are located in Pearland, Texas. The financial statements have been prepared in the accrual basis of accounting principles in the United States of America.

The unaudited financial statements contained herein include all adjustments which are, in the opinion of management, necessary to provide a fair presentation of the financial condition and results of operations for the periods presented. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted in these financial statements. These financial statements should be read in conjunction with the financial statements and notes included in the Company s latest audited financial statements as of December 31, 2010 and each of the three years ended December 31, 2010. The results of operations as of June 30, 2011 and for the six-month periods ended June 30, 2011 and 2010 are not necessarily indicative of the results to be expected for the full years ending December 31, 2011 and 2010.

Note B Summary of significant accounting policies

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents consists of cash in banks, money market funds, and certificates of deposit with original maturities of three months or less.

Allowance for doubtful accounts: Earnings are charged with a provision for doubtful accounts based upon a current review of the collectability of accounts from customers. Accounts deemed uncollectible are applied against the allowance for doubtful accounts. Accounts receivable, trade was net of an allowance for doubtful accounts of $1,055,817 at June 30, 2011 and December 31, 2010. Bad debt expense totaled $0 for the three months ended June 30, 2011 and 2010, and $0 for the six months ended June 30, 2011, and 2010.

Inventory: Inventories are stated at the lower of cost or market value using an average standard cost. Cost is determined using standard cost, which approximates average cost, and includes the application of related direct labor and overhead. The Company periodically evaluates the components comprising its inventories and reviews for items that have not been utilized over a certain period of time based on current products in production, physical condition, and future applicability to be utilized in production to determine its obsolescence reserve.

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Inventories consist of the following:

	June 30, 2011	December 31, 2010
	(Unaudited)	
Raw material	$ 11,015,383	$ 8,502,006
Work-in-process	11,574,594	9,317,852
Finished goods	14,476,041	12,854,831
	37,066,018	30,674,689
Less: obsolescence reserve	(5,471,549)	(5,630,458)
Inventory, net	$ 31,594,469	$ 25,044,231

Property and equipment: Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the related assets using the straight-line method. Maintenance and repairs are charged to expense as incurred and significant renewals and betterments are capitalized. The cost and related accumulated depreciation of assets retired or otherwise disposed of are eliminated from the accounts, and any resulting gains or losses are recognized in operations in the year of disposal.

Property and equipment, net and related accumulated depreciation consist of the following:

	Estimated useful life	June 30, 2011	December 31, 2010
			(Unaudited)
Autos	3-20 years	$ 429,464	$ 440,544
Forklifts	3-10 years	321,033	321,033
Machinery and equipment	7-30 years	7,642,423	7,703,908
Leasehold improvements		2,314,447	2,314,447
		10,707,367	10,779,932
Less: accumulated depreciation and amortization		(9,819,388)	(9,738,634)
Property and equipment, net		$ 887,979	$ 1,041,298

Depreciation expense related to property and equipment were $64,522 and $60,441 for the three months ended June 30, 2011 and 2010, respectively, and $169,656 and $210,268 for the six months ended June 30, 2011 and 2010, respectively. For the three months ended June 30, 2011, and 2010, $59,964 and $54,944, respectively, of depreciation expense is included in cost of sales and $4,558 and $5,497, respectively, is included in selling, general, and administrative expenses in the accompanying statements of operations. For the six months ended June 30, 2011, and 2010, $154,416 and $188,905, respectively, of depreciation expense is included in cost of sales and $15,240 and $21,363, respectively, is included in selling, general and administrative expenses in the accompanying statement of operations. Repairs and maintenance expense was $118,482 and $96,139 for the three months ended June 30, 2011 and 2010, respectively, and $253,486 and $135,725 for the six months ended June 30, 2011 and 2010, respectively.

Impairment of long-lived assets: The Company reviews the recoverability of its long-lived assets, such as plant, property and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable and the expected future pre-tax cash flows (undiscounted) to be generated by those assets are less than the carrying value of the assets. In such case, the impairment loss would be equal to the amount by

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which the carrying value exceeds estimated fair market value of the related assets. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Income taxes: On June 23, 2011, the Company converted from a Subchapter S Corporation to a Limited Liability Company. As a Limited Liability Company, there is no provision for federal income taxes reflected in the financial statements as the Company is not subject to federal income taxes. Earnings flow through to the owner s personal income tax return.

Effective January 1, 2009, the Company adopted guidance in Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, for the accounting for the uncertainty in income taxes. The guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two step process. A determination is made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The adoption of this guidance did not impact the Company s financial position, results of operations, or cash flows as the income tax positions taken by the Company for any years open under the various statute of limitations is that the Company continues to be exempt from federal income taxes by virtue of its pass through status and that federal income tax is attributable to its owner. Management believes that this tax position meets the more likely than not threshold and accordingly, the tax benefit of this income tax position (no federal income tax expense or liability) has been recognized for any period presented.

The Company records income tax related interest and penalties as a component of the provision for income taxes. For the three months and six months ended June 30, 2011 and 2010, the Company recorded approximately $0 of interest and $0 in penalties related to state income taxes, respectively. The Company believes there is no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date.

During 2010, the Company underwent a tax audit by the State of Louisiana (the State). As a result of this audit, it was determined the Company owed additional taxes totaling $1,249,246, inclusive of interest and penalties, to the State. This amount was reflected in the December 31, 2010 financial statements and was subsequently paid in January 2011. No other state tax returns are currently under examination by state authorities. However, fiscal years 2007 and later remain subject to examination by the respective states in which the Company does business.

In May 2006, the State of Texas enacted a bill that replaced the existing state franchise tax with a margin tax. Effective January 1, 2007, the margin tax applies to legal entities conducting business in Texas, including previously non-taxable entities such as limited partnerships and limited liability partnerships. The margin tax is based on Texas sourced taxable margin. The tax is calculated by applying a tax rate to a base rate that considers both revenues and expenses and therefore has the characteristics of an income tax. As a result, the Company recorded $61,200 and $24,825 in estimated state income taxes for the three months ended June 30, 2011 and 2010, respectively, and $122,400 and $44,825 for the six months ended June 30, 2011 and 2010, respectively, that is solely attributable to the Texas margin tax and is included in income tax expense in the accompanying statements of operations. The Company also recorded $58,800 and $20,743 in state income taxes for the three months ended June 30, 2011 and 2010, respectively, and $115,967 and $20,743 for the six months ended June 30, 2011 and 2010, respectively, attributable to various other states in which the Company conducts business.

Concentrations of credit risk: Financial instruments that potentially subject the Company to credit risk are cash and cash equivalents and trade accounts receivable. The Company maintains cash balances in high credit quality financial institutions which at times may exceed federally insured limits. The Company monitors the financial condition of these institutions and has experienced no losses associated with these accounts. The Company extends credit to customers throughout the United States of America and certain foreign countries. The Company s allowance for doubtful accounts is based upon a current review of collectability for each customer taking into consideration current market conditions and other factors.

The Company s primary customers are in the energy industry. As such, the Company could be affected by events that affect this industry such as natural disasters, political unrest, terrorism, oil prices and domestic policies regarding energy related industries.

In October 2008, the Federal Deposit Insurance Corporation increased its insurance to $250,000 per depositor, and to an unlimited amount for non-interest bearing accounts. The coverage increase, which is temporary, extends through December 31, 2013.

Revenue recognition: Revenue is recognized when products are shipped or services are performed.

Shipping and handling fees and costs: Shipping and handling fees, if billed to customers, are included in net sales. Shipping and handling costs are classified as cost of sales.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions, including those related to its allowance for doubtful accounts, inventory obsolescence, impairment for property and equipment and contingencies. Actual results could differ from these estimates.

Environmental remediation: The Company accounts for environmental remediation in accordance with ASC Topic 410, *Asset Retirement and Environmental Obligations*. In accordance with this guidance, liabilities are recorded when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liability are based upon currently available facts, existing technology and presently enacted laws and regulations, taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs.

Fair value of financial instruments: Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable and accounts payable. The Company s management considers the carrying values of cash and cash equivalents, accounts receivable and accounts payable to be representative of their respective fair values because of their short-term nature.

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Recent accounting standards: In June 2011, the Financial Accounting Standards Board (FASB) issued an update to ASC 220, *Presentation of Comprehensive Income*. This Accounting Standards Update (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 the Company s financial statements.

In May 2011, the FASB issued an update to ASC 820, *Fair Value Measurements*. This ASU clarifies the application of certain fair value measurement requirements and requires, among other things, expanded disclosures for Level 3 fair value measurements and the categorization by level for items for which fair value is required to be disclosed in accordance with ASC 825, *Financial Instruments*. The guidance will be applied prospectively and is effective for the Company for annual periods beginning on January 1, 2012. Early adoption is not permitted. The adoption of this standard will not have an impact on the Company s financial statements.

In October 2009, the FASB issued an update to ASC 605, *Revenue Recognition*. This ASU allows companies to allocate consideration for qualified separate deliverables using the estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. It also requires additional disclosures on the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices. The Company adopted this new guidance on January 1, 2011. Accordingly, the Company applies this guidance to transactions initiated or materially modified on or after January 1, 2011. The Company s adoption of this new guidance did not have an impact on its financial position, results of operations, cash flows or existing revenue recognition policies.

In December 2010, the FASB issued an update to ASC 805, *Business Combinations*. This ASU addressed the disclosure of comparative financial statements and expanded on the supplementary pro forma information for business combinations. The Company adopted this ASU prospectively for business combinations occurring on or after December 15, 2010.

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Note C Accrued expenses and other liabilities

Accrued expenses consisted of the following:

	June 30, 2011	December 31, 2010
	(Unaudited)	
Sales tax payable	$ 165,774	$ 131,164
Customer credits	74,270	74,270
Accrued commissions	2,063,768	2,098,912
Accrued bonuses	642,000	
Accrued royalties	1,242,538	527,842
Accrued state taxes	159,512	404,000
Accrued professional services	125,000	
	$ 4,472,862	$ 3,236,188

Note D Income taxes

The provision for income taxes as of June 30, 2011 and 2010 consists of the following *(unaudited)*:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Texas margin tax	$ 61,200	$ 24,825	122,400	$ 44,825
Other state income taxes	58,800	20,743	115,967	20,743
Total	$ 120,000	$ 45,568	$ 238,367	$ 65,568

Note E Commitments and contingencies

In 2009, an embezzlement scheme totaling approximately $15 million was discovered by the Company, whereby former employees had submitted fraudulent invoices for payments for over a decade. The fraud came to light during a two month examination of the Company s accounting records. The Company hired a third party independent consultant to investigate this matter and to conduct the examination. The consultant has reported their findings to management of the Company, which has begun legal action against the defendants in Federal District Court. All amounts pertaining to this matter related to years prior to 2010. In 2010, the Company was awarded summary judgment, no amounts have been received, and no receivable has been recorded by the Company at June 30, 2011. The Company intends to vigorously pursue this matter.

In January 2010, a favorable settlement was reached in a patent infringement lawsuit whereby the Company was the plaintiff. Terms of the settlement were not disclosed, but the defendant will pay a 10% royalty on future sales of the products included in the lawsuit. The Company recognized royalty income of $88,936 and $396,793 related to this settlement in the six months ended June 30, 2011 and 2010, respectively.

The Company is involved in various disputes arising in the ordinary course of business. Management does not believe the outcome of these disputes will have a material adverse effect on the Company s financial position, results of operations or cash flows.

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The Company leases certain equipment and office and manufacturing space under non-cancelable operating leases which expire at various dates through 2010 and now are month to month in nature. Total rental expense for the three months ended June 30, 2011, and 2010, were both approximately $59,000, and approximately $118,000 for both the six months ended June 30, 2011 and 2010, respectively.

The Company has various standby letters of credit with a financial institution up to a total commitment limit of $3,000,000 of which approximately $2,645,675 was utilized at June 30, 2011. The letters of credit expire through November 2011, and support certain international operations.

Note F Related party transactions

The Company leases land from a related party. Total rent expense was approximately $30,000 for both the three months ended June 30, 2011, and 2010, and approximately $60,000 for both the six months ended June 30, 2011 and 2010.

For the three months ended June 30, 2011 and 2010, the Company purchased supplies and materials from a related party which totaled approximately $79,000 and $63,000, respectively, and approximately $158,000 and $125,000 for the six months ended June 30, 2011 and 2010, respectively.

The Company utilizes a staffing company that is a related party. Total expense for the three months ended June 30, 2011 and 2010 was approximately $3,600,000 and $0, respectively, and approximately $6,896,000 and $0 for the six months ended June 30, 2011 and 2010, respectively.

Note G Risk and uncertainties

The current downturn in the United States economy, and any economic slowdown in future periods, could adversely affect the Company in ways that cannot be predicted. During times of economic slowdown, the Company s customers may reduce their capital expenditures and defer or cancel pending orders. Such developments occur even among customers that are not experiencing financial difficulties. These deferrals or cancelling of capital expenditures could directly impact the demand for the Company s products and services. Additionally, bankruptcies or financial difficulties among the Company s customers could reduce its cash flows and adversely impact liquidity and profitability.

Note H Subsequent events

The Company has evaluated all events subsequent from the balance sheet date of June 30, 2011 through August 29, 2011, and noted no subsequent events that would require recognition or disclosure in the financial statements, other than those items disclosed herein and below.

On June 25, 2011, Forum Energy Technologies, Inc. entered into an agreement to purchase the Company for cash, as outlined under the terms in the purchase and sale agreement, subject to certain working capital adjustments. The transaction closed on July 29, 2011.

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Glossary

Selected industry terms

The following industry terms defined in this section are used throughout this prospectus:

Bbl. One stock tank barrel of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate or natural gas liquids.

Blowout preventer (BOP). A large valve at the top of a well that may be closed to regain control of a reservoir if the drilling crew or other wellsite personnel lose control of formation fluids.

Bottomhole assembly. The lower end of a drill string composed of specialized components including the drill bit.

Casing. Large-diameter pipe lowered into an openhole wellbore and cemented in place.

Catwalk. The ramp at the side of the drilling rig where tubulars are laid to be lifted to the drill floor.

Choke. A device incorporating an orifice that is used to control fluid flow rate or downstream system pressure.

Coiled tubing. A long, continuous length of pipe wound on a spool. The pipe is straightened prior to pushing into a wellbore and recoiled to spool the pipe back onto the transport and storage spool.

Drilling rig. The machine used to drill a wellbore.

Drill bit. Tool attached to the bottom of a drill string that serves as the cutting or boring element used to drill the wellbore.

Drill floor. The elevated platform where the majority of activity by a drilling rig crew occurs during drilling operations, including make-up and breakout of tubulars and supervision and monitoring of the drilling process.

Drill pipe. Heavy tubular steel conduit fitted with special threaded ends called tool joints. The drill pipe connects the surface equipment with the bottomhole assembly, both to pump drilling fluid to the drill bit and to raise, lower and rotate the bottomhole assembly.

Drill string. The combination of the drillpipe and the bottomhole assembly.

Elevator. A set of clamps that grip tubulars so that the tubulars can be raised or lowered into the wellbore.

Flatpacks. A method of encapsulating downhole control lines and electrical conduit material so as to protect against damage caused by pressure or temperature.

Flow Equipment. The high pressure tubulars, piping, joints, valves, manifolds, fittings, assemblies, and other pressure control products used in the well stimulation process. Flow equipment also commonly refers to all of the pressure control products that connect the hydraulic fracturing pressure pump to the top of the well, and serves as the conduit though which the fracturing fluids travel.

Hydrocarbon. A naturally occurring organic compound comprising hydrogen and carbon. Hydrocarbons can be as simple as methane, but many are highly complex molecules, and can occur as gases, liquids or solids. Petroleum is a complex mixture of hydrocarbons. The most common hydrocarbons are natural gas, oil and coal.

Iron roughneck. Machine on drill floor used to make-up or breakout tubulars.

Landing String. A long string of drill pipe used to lower blowout preventer stacks and casing strings to the ocean floor from an offshore drilling rig.

Lease Automatic Custody Transfer (LACT) Unit. Measurement systems used in the ownership transfer of crude oil and petroleum products from the well site to trucks, pipelines or storage tanks.

Make-up and breakout. Process of spinning and torquing when connecting and disconnecting tubulars.

Manifold. An arrangement of piping, valves and chokes designed to control, distribute and often monitor fluid flow. Manifolds are often configured for specific functions, such as a choke and kill manifold used in well-control operations and a squeeze manifold used in squeeze-cementing work.

Mcf. One thousand cubic feet of natural gas.

Mud Pump. A large reciprocating pump used to circulate the drilling fluid on a drilling rig.

Mousehole. Shallow bores under the drill floor, usually lined with pipe, in which joints of drill pipe are temporarily suspended for later connection to the drill string.

Pick-up and lay-down. Pipe handling systems that consist of truck mounted units that raise and lower tubulars to and from the drill floor. Pick-up and lay-down operations are typically conducted by specialized service company crews.

Pipe handling. Equipment used to move and connect tubulars.

Rotary table. Machine embedded into drill floor used to rotate the drill string.

Slips. Wedge-shaped pieces of metal with gripping elements that are used to hold tubulars in place or to prevent tubulars from slipping down into the wellbore.

Tongs. Large wrenches used for torquing when making-up or breaking-out tubulars.

Top Drive. Machine used to rotate the drill string by attaching to the top of the drillpipe without the use of the rotary table.

Tubing. String of pipe set inside the well casing, through which a reservoir s oil or natural gas is produced.

Tubulars. Drill pipe, casing, tubing, or other piping placed in the wellbore.

Wellbore. The physical conduit from surface into the hydrocarbon reservoir.

Wireline. A general term used to describe well-intervention operations conducted using single-strand or multistrand wire or cable for intervention in oil or gas wells.

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Definitions of categories used in revenue split analysis

Phase of well life driver. This revenue split is intended to answer the question, What phase in the development process of oil or natural gas reserves drives the need for our product or related service?

Subsea includes products and related services used in or directly supporting subsea operations

Drilling Capital Equipment includes items on the rig, drill string, and items supporting drilling activities that are defined as capital equipment (see below)

Drilling Consumable Products includes items on the rig, drill string, and items supporting drilling activities that are defined as consumable, aftermarket or rental items (see below)

Well Construction & Completion includes items or activities downhole used to construct and complete the well before production comes online

Well Stimulation & Intervention includes products or related services located on the surface that are used in the stimulation, workover or intervention processes

Production includes equipment, products or related activities involved after the resource begins producing, to maintain, process or enhance production

Infrastructure includes surface infrastructure items related to or used in pre-drilling field development, pipeline operation or construction, midstream processing, refining, petrochemical processing, or in other general processing industries

All others

Geographic exposure. This revenue split is intended to answer the question, Where is the activity that is driving our business, when estimated by product shipment destination?

United States includes items delivered or related services provided in the United States of America or surrounding waters

Canada includes items delivered or related services provided in Canada

Europe includes items delivered or related services provided in Europe or surrounding waters

Far East includes items delivered or related services provided in Australasia or surrounding waters

Other includes items delivered or related services provided everywhere else in the world

Land versus offshore. This revenue split is intended to answer the question, Is the activity that is driving our revenue related to land or offshore activity?

Land includes items delivered or related services provided on land

Offshore includes items delivered or related services provided on water

Product Spend cycle. This revenue split is intended to answer the question, From our customers perspective, what type of spending is driving our revenue?

Capital products includes items and related services that are additive to the industry s capacity; and/or used in major capital refurbishment or expansion projects of major processing facilities; and/or are expected to last at least 5 years. Our customers often, although not exclusively, procure these items and related services from their capital expenditure budgets.

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Consumables, spare parts and aftermarket includes items and related services that are consumed during the operation of other, often larger pieces of equipment or products; spare parts used to maintain other equipment; aftermarket service and parts used to maintain, refurbish, or recertify other equipment. Our customers often, although not always, procure these items and related services from their operating budgets. These products or related services are also often not discretionary in nature.

Rental includes all revenue generated by products that are rented to our customers

Other includes all items or related services that generates revenue from other types of spending

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15,789,472 shares

Common stock

Prospectus

J.P. Morgan

BofA Merrill Lynch

Credit Suisse

Citigroup

Deutsche Bank Securities

Simmons & Company International

Tudor, Pickering, Holt & Co.

Capital One Southcoast

Dahlman Rose & Company

FBR

Howard Weil Incorporated

Johnson Rice & Company L.L.C.

, 2012

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 the selling stockholders have 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.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Until , 2012, 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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Part II

Information not required in prospectus

Item 13. Other expenses of issuance and distribution

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable by us and the selling stockholders in connection with the registration of the common stock offered hereby. With the exception of the Registration Fee, FINRA Filing Fee and New York Stock Exchange listing fee), the amounts set forth below are estimates. The selling stockholders are expected to pay approximately $1 million of such expenses.

SEC Registration Fee	$ 190,000
FINRA Filing Fee	$ 40,000
New York Stock Exchange listing fee	$ 100,000
Accountants fees and expenses	$ 1,200,000
Legal fees and expenses	$ 1,300,000
Printing and engraving expenses	$ 450,000
Transfer agent and registrar fees	$ 4,000
Miscellaneous	$ 216,000
Total	$ 3,500,000

Item 14. Indemnification of directors and officers

Our amended and restated certificate of incorporation provides that a director will not be liable to the corporation or its stockholders for monetary damages to the fullest extent permitted by the DGCL. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our amended and restated bylaws will provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation s certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our amended and restated certificate of incorporation also contains indemnification rights for our directors and our officers. Specifically, our amended and restated certificate of

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incorporation provides that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL. Further, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted incurred by them in their capacities as officers and directors.

We have obtained directors and officers insurance to cover our directors, officers and some of our employees for certain liabilities.

Each of our current and former directors and officers and that of Allied, Global Flow, Triton and Subsea and their respective subsidiaries, as applicable, are indemnified pursuant to an indemnification agreement and to the fullest extent possible under law against all losses pertaining to certain actions taken by them, or failures to act, while serving in those capacities before the Combination. For six years after the Combination, we will honor all rights to indemnification under our charter and that of the Allied Charter, the Global Flow Charter, the Triton LLC Agreement and the Subsea Charter, and any our indemnification agreements or that of Allied, Global Flow, Triton and Subsea existing in favor of any of our current or former directors or officers or that of Allied, Global Flow, Triton and Subsea arising from any act or omission occurring prior to the closing of the Combination. Pursuant to these proposed agreements, if an officer or director makes a claim of indemnification to us, either a majority of the independent directors or independent legal counsel selected by the independent directors must review the relevant facts and make a determination whether the officer or director has met the standards of conduct under Delaware law that would permit (under Delaware law) and require (under the indemnification agreement) us to indemnify the officer or director.

Item 15. Recent sales of unregistered securities.

During the past three years, we have issued unregistered securities to a limited number of persons, as described below. None of these transactions involved any underwriters, underwriting discounts or commissions or any public offering, and we believe that each of these transactions was exempt from the registration requirements pursuant to Section 4(2) of the Securities Act, Regulation D or Regulation S promulgated thereunder or Rule 701 of the Securities Act. The recipients of these securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in these transactions. All share and price information included in this section reflects the impact of the split of our common stock previously described in the section titled Stock split.

On August 2, 2010, we completed the Combination, through which FOT, Global Flow, Triton, Allied and Subsea were combined. In the Combination, FOT became the parent company and was renamed Forum Energy Technologies, Inc., all of the outstanding shares held by each of the former Allied shareholders in Allied were acquired in exchange for 2,853,033 of our shares, all of the outstanding shares held by each of the former Global Flow shareholders in Global Flow were acquired in exchange for 6,782,877 of our shares, all of the outstanding shares held by each of the former Triton unitholders in Triton were acquired in exchange for 10,479,843 of our shares and all of the outstanding shares held by each of the former Subsea shareholders in Subsea were acquired in exchange for 3,358,157 of our shares.

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The following table sets forth information on the restricted stock awards issued by us and common stock issued pursuant to the exercise of stock options in the three years preceding the filing of this registration statement.

Person or class of person	Date of issuance/option exercise	Total shares of restricted stock	Common stock issued pursuant to options/ warrants exercises	Total consideration
FOT Directors	September 15, 2009	46,176		*
FOT Employee	December 22, 2009		22,459	$ 75,875
FOT Employee	March 31, 2010	11,100		*
Former Holders of Triton Management Units**	August 2, 2010	53,539		*
FET Executive Officer	October 25, 2010	65,120		*
FET Executive Officer	November 1, 2010	97,606		*
FOT Director	November 17, 2010		18,500	$ 100,000
FET Executive Officer	November 29, 2010	15,947		*
FET Employees	March 28, 2011	30,229		*
FET Director	March 31, 2011	3,145		$ 25,114
FET Employee	May 18, 2011		18,500	$ 50,580
FET Employees	May 19, 2011		3,108	$ 12,180
FET Executive Officer	May 19, 2011		18,500	$ 100,000
FET Employees	July 1, 2011	10,619		*
FOT Employee	July 19, 2011		5,365	$ 42,525
FOT Employee	August 12, 2011		70,189	$ 275,065
FOT Employee	August 16, 2011		4,625	$ 28,125
FOT Employee	August 17, 2011		1,850	$ 12,732.25
FET Employees	September 8, 2011		8,325	$ 52,500
Former FOT Director	October 21, 2011		15,725	$ 85,000
FET Director	October 24, 2011		3,256	$ 25,018
FET Employee	November 10, 2011		12,321	$ 66,600
FET Employee	November 15, 2011		3,700	$ 20,000
FET Employee	November 16, 2011		14,800	$ 90,000
FET Employee	November 17, 2011		5,550	$ 30,000
FET Employees	November 18, 2011		21,571	$ 116,600
FET Employee	November 30, 2011		11,100	$ 60,000
Former FOT Director	November 30, 2011		22,200	$ 120,000
FET Employee	December 1, 2011		7,400	$ 40,000
FET Executive Officer	December 6, 2011	7,141		*
FET Employees	December 7, 2011	18,241		*
FET Employee	December 21, 2011		12,358	$ 66,800
FET Employee	December 31, 2011		1,369	$ 11,840
Former FET Employee	January 6, 2012		5,106	$ 39,232
FET Shareholder	January 12, 2012		2,886	$ 24,137
FET Director	January 31, 2012		30,821	$ 499,800
FET Employee	January 31, 2012		5,920	$ 32,000
FET Employee	February 1, 2012	2,590		*
FET Employee	February 15, 2012		18,500	$ 100,000
FET Employee	February 18, 2012	4,255		*

* No cash consideration was paid to us by any recipient of any restricted stock award.

** In connection with the Combination, we issued 53,539 shares of our restricted stock to former holders of Triton management units.

The following table sets forth information on the stock options issued by us in the three years preceding the filing of this registration statement.

Date of issuance	Number of options granted	Grant date exercise price ($/sh)
September 9, 2010	39,072	$ 7.68
October 4, 2010	25,900	$ 7.68
October 18, 2010	12,950	$ 7.68
October 25, 2010	222,000	$ 7.68
November 29, 2010	21,053	$ 7.68
February 4, 2011	37,000	$ 9.19
February 22, 2011	18,500	$ 9.19
February 24, 2011	9,361	$ 10.68
March 28, 2011	38,665	$ 10.68
May 2, 2011	22,200	$ 10.68
May 16, 2011	3,700	$ 10.68
May 17, 2011	9,250	$ 10.68
June 6, 2011	22,200	$ 13.86
July 1, 2011	11,914	$ 13.86
July 8, 2011	59,200	$ 13.86
July 18, 2011	33,300	$ 15.27
August 17, 2011	22,792	$ 15.35
August 22, 2011	14,800	$ 15.35
November 14, 2011	7,400	$ 15.35
December 2, 2011	33,300	$ 15.35
December 7, 2011	33,818	$ 15.35
January 23, 2012	14,800	$ 16.22
January 31, 2012	6,179	$ 16.22
February 1, 2012	3,330	$ 16.22
February 18, 2012	4,995	$ 17.86

No cash consideration was paid to us by any recipient of any of the foregoing options for the grant of such options. All of the stock options described above issued prior to the Combination, August 2, 2010, were granted under the Forum Oilfield Technologies, Inc. 2005 Stock Incentive Plan, or Prior Plan, to the officers, employees and consultants of FOT. In connection with the Combination, we amended and restated the Prior Plan to change, among other things, the name of the plan to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan, or 2010 Plan. At the time of the Combination, both vested and unvested stock options of Allied, Global Flow and Subsea outstanding under a Pre-Combination Equity Plan were converted into an option under the 2010 Plan to acquire the number of shares of our common stock that resulted from multiplying the applicable exchange ratio by the number of shares still subject to the original award. Because Triton s management units were not convertible into our options, at the time of the Combination, holders of those management units were granted options under the 2010 Plan to purchase 418,618 shares of common stock. All of the stock options described above issued on or after the Combination were granted under the 2010 Plan to our officers, employees and consultants.

In connection with the Combination and pursuant to a subscription agreement dated August 20, 2010, we offered each of our stockholders who were accredited investors or non-U.S. persons (as such term is defined for purposes of the Securities Act) the opportunity to purchase shares of our common stock worth $115 million in the aggregate, up to their pro-rata ownership of us. In connection with this subscription offer, 34 stockholders, including some of our executive officers and directors, subscribed to purchase 433,159 shares of our common stock in exchange for aggregate cash payments of $3,328,183. In connection with the purchase of these shares of our common stock pursuant to the subscription agreement, we issued to those stockholders who

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purchased shares of our common stock a warrant to purchase additional shares of our common stock on the basis of one warrant share for every two shares purchased in the subscription offer, resulting in warrants issued to purchase an aggregate of 216,561 shares of our common stock. The warrants were exercisable upon their issuance and will remain exercisable until the date that is the 30 month anniversary following the consummation of this offering. The initial exercise price of the warrants was $7.68 per share, and the exercise price increases by 0.5% of the then-current exercise price on the last day of each month following their original issuance. One of our directors exercised warrants to purchase 3,145 shares of our common stock on March 31, 2011, and one of our shareholders exercised warrants to purchase 2,886 shares of our common stock on January 12, 2012. For more information about these warrants, please see Description of capital stock Warrants (in the prospectus included in this registration statement).

In connection with the Combination and pursuant to a subscription agreement dated August 2, 2010, each of SCF-VII, L.P., Sunray Capital and Messrs. Gaut and Connelly subscribed to purchase 6,507,412, 650,719, 455,507 and 39,035 shares of our common stock in exchange for a cash payment of $49,999,788.04, $4,999,808.23, $3,499,894.19 and $299,925.95, respectively. In connection with the purchase of these shares of our common stock pursuant to the Subscription Agreement, each of SCF-VII, L.P., Sunray Capital and Messrs. Gaut and Connelly received a warrant to purchase 3,253,706, 325,378, 227,772 and 19,536 shares of our common stock, respectively. Each of these warrants entitle the holder to purchase shares of our common stock at a purchase price per share of $7.68, subject to a monthly increase of the then-current exercise price by 0.5%, and expire on the 30 month anniversary of the completion of this offering. For more information about these warrants, please see Description of capital stock Warrants (in the prospectus included in this registration statement).

Pursuant to a subscription agreement dated October 25, 2010, Mr. McCulloch subscribed to purchase 260,295 shares of our common stock in exchange for a cash payment of $1,999,980.

Pursuant to that certain Subscription Agreement dated November 18, 2010, Mr. Jones subscribed to purchase 97,606 shares of our common stock in exchange for a cash payment of $749,957.

On January 31, 2011, we issued 1,295,000 shares of common stock to the former members of Wood Flowline Products, LLC as consideration for the WFP Acquisition.

On April 29, 2011, we issued 749,324 shares of common stock to the former members of Phoinix Global LLC as consideration for the Phoinix Acquisition.

On May 17, 2011, we issued 150,775 shares of restricted stock to former shareholders of Specialist ROV Tooling Services, Ltd. as consideration for the Specialist Acquisition.

On July 1, 2011, we issued 774,928 shares of common stock to the former unitholders of Cannon Services LP as consideration for the Cannon Acquisition.

On July 1, 2011, we issued 599,400 shares of common stock to the former shareholders of AMC Global Group Ltd. as consideration for the AMC Acquisition.

On July 1, 2011, we issued 216,339 restricted shares of common stock to a former shareholder and its affiliate of SVP Products Inc. as consideration for the SVP Acquisition.

Pursuant to a Subscription Agreement dated August 2, 2011 between Forum Energy Technologies, Inc. and Mr. John A. Carrig, Mr. Carrig subscribed to purchase 32,708 shares of our common stock in exchange for a cash payment of $499,460.

Pursuant to a Subscription Agreement dated August 3, 2011 between Forum Energy Technologies, Inc. and Ms. Evelyn M. Angelle, Ms. Angelle subscribed to purchase 6,512 shares of our common stock in exchange for a cash payment of $99,440.

Pursuant to a Subscription Agreement dated December 2, 2011 between Forum Energy Technologies, Inc. and Mr. Pablo G. Mercado, Mr. Mercado subscribed to purchase 6,512 shares of our common stock in exchange for a cash payment of $99,968.

The terms of the Subscription Agreement among Forum Energy Technologies, Inc., SCF-VII, L.P., Sunray Capital and Messrs. Gaut and Connelly also include an additional equity commitment by SCF, VII, L.P. to purchase an additional $50.0 million of our shares of common stock on or before August 3, 2011. In June 2011, SCF-VII, L.P. purchased an additional 6,224,732 shares of our common stock pursuant to this equity commitment in exchange for a cash payment of $50.0 million. In connection with the purchase of these shares, SCF-VII, L.P. also received a warrant to purchase 3,112,366 shares of our common stock pursuant to the Subscription Agreement.

Pursuant to the terms of those Subscription Agreements dated July 29, 2011 between Forum Energy Technologies, Inc. and certain shareholders of Davis-Lynch, such shareholders subscribed to purchase a total of 26,270 shares of our common stock in exchange for a cash payment of $401,150.

Pursuant to a Subscription Agreement dated January 31, 2012 between Forum Energy Technologies, Inc. and Mr. Louis A. Raspino, Mr. Raspino subscribed to purchase 30,821 shares of our common stock in exchange for a cash payment of $499,800.

Certain transactions, including (i) the issuance of shares to SCF, former Allied shareholders, former Global Flow shareholders, former Triton and former Subsea shareholders in connection with the Combination, (ii) certain of the above-described issuances of restricted stock and option grants to accredited investors, (iii) issuances of our common stock and warrants made pursuant to the Subscription Agreements described above and (iv) issuances of our common stock as consideration for acquisitions as described above were made in reliance upon the exemption from registration requirements of the Securities Act available under Section 4(2) of the Securities Act, Rule 506 of Regulation D and Regulation S. The recipients of the securities in these transactions represented that they were sophisticated persons and that they intended to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in such sales. We believe that the purchasers either received adequate information about us or had adequate access, through their relationships with us, to such information.

All other issuances of common stock described above either represent grants of restricted stock under, or were made pursuant to the exercise of stock options granted under, our Prior Plan or 2010 Plan to our officers, directors, employees and consultants in reliance upon an available exemption from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b) of the Securities Act. Among other things, we relied on the fact that, under Rule 701, companies that are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act are exempt from registration under the Securities Act with respect to certain offers and sales of securities pursuant to compensatory benefit plans as defined under that rule. We believe that our Prior Plan and our 2010 Plan qualify as compensatory benefit plans.

Item 16. Exhibits and financial statement schedules

(a) Exhibits

Exhibit number	Description
**1.1	Form of Underwriting Agreement
** 2.1	Combination Agreement dated July 16, 2010 by and among Forum Oilfield Technologies, Inc., Allied Production Services, Inc., Allied Merger Sub, LLC, Global Flow Technologies, Inc., Global Flow Merger Sub, LLC, Subsea Services International, Inc., Subsea Merger Sub, LLC, Triton Group Holdings LLC, Triton Merger Sub, LLC and SCF-VII, L.P.
** 2.2	Purchase and Sale Agreement among Davis-Lynch Holding Co., Inc., Carl A. Davis and Forum Energy Technologies, Inc., dated June 25, 2011
**3.1	Amended and Restated Bylaws of Forum Energy Technologies, Inc.
3.2	Third Amended and Restated Certificate of Incorporation of Forum Energy Technologies, Inc.
**3.3	Form of Second Amended and Restated Bylaws of Forum Energy Technologies, Inc.
**4.1	Form of Common Stock Certificate
**4.2	Amended and Restated Stockholders Agreement dated as of August 2, 2010 by and among the Company and certain of its stockholders, as amended
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23.3	Consent of Pannell Kerr Forster of Texas, P.C. (Subsea Services International, Inc.)
23.4	Consent of Deloitte LLP (Triton Group Holdings LLC)
23.5	Consent of UHY LLP (Davis-Lynch, Inc.)
23.11	Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1 hereto)
24.1	Power of Attorney (included on the signature page of the initial filing of the registration statement)

* To be filed by amendment.

** Previously filed as part of the registration statement on Form S-1 (Registration No. 333-176603).

Management contract or compensatory plan or arrangement.

Certain schedules and exhibits are not filed herewith in accordance with Item 601(b)(2) of Regulation S-K. Forum agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on March 29, 2012.

FORUM ENERGY TECHNOLOGIES, INC.

By: /s/ C. Christopher Gaut
C. Christopher Gaut
President, Chief Executive Officer and
Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and the dates indicated.

Signature	Title	Date
/s/ C. Christopher Gaut C. Christopher Gaut	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	March 29, 2012
/s/ James W. Harris James W. Harris	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 29, 2012
* Evelyn M. Angelle	Director	March 29, 2012
* David C. Baldwin	Director	March 29, 2012
* John A. Carrig	Director	March 29, 2012
* Michael McShane	Director	March 29, 2012
* Louis Raspino, Jr.	Director	March 29, 2012
* Franklin Myers	Director	March 29, 2012
*	Director	March 29, 2012

John Schmitz		
*	Director	March 29, 2012
Andrew L. Waite		

* By: /s/ C. Christopher Gaut

C. Christopher Gaut, Attorney-in-fact

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Index to exhibits

Exhibit number	Description
**1.1	Form of Underwriting Agreement
** 2.1	Combination Agreement dated July 16, 2010 by and among Forum Oilfield Technologies, Inc., Allied Production Services, Inc., Allied Merger Sub, LLC, Global Flow Technologies, Inc., Global Flow Merger Sub, LLC, Subsea Services International, Inc., Subsea Merger Sub, LLC, Triton Group Holdings LLC, Triton Merger Sub, LLC and SCF-VII, L.P.
** 2.2	Purchase and Sale Agreement among Davis-Lynch Holding Co., Inc., Carl A. Davis and Forum Energy Technologies, Inc., dated June 25, 2011
**3.1	Amended and Restated Bylaws of Forum Energy Technologies, Inc.
3.2	Third Amended and Restated Certificate of Incorporation of Forum Energy Technologies, Inc.
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