

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

61-1488595

(I.R.S. Employer Identification No.)

**920 Memorial City Way, Suite 1000
Houston, Texas 77024**

(Address of principal executive offices)

(281) 949-2500

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of October 30, 2013, there were 92,637,828 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Forum Energy Technologies, Inc. and subsidiaries
Condensed consolidated statements of comprehensive income
(Unaudited)

(in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$ 390,192	\$ 347,767	\$ 1,131,078	\$ 1,084,768
Cost of sales	265,021	231,273	776,618	719,029
Gross profit	125,171	116,494	354,460	365,739
Operating expenses				
Selling, general and administrative expenses	71,594	55,821	202,697	166,880
Contingent consideration expense	—	(700)	—	(4,600)
Impairment of intangible assets	—	—	—	1,161
Transaction expenses	376	85	2,191	882
Loss (gain) on sale of assets and other	209	(1,616)	229	(1,539)
Total operating expenses	72,179	53,590	205,117	162,784
Earnings from equity investment	2,946	—	2,946	—
Operating income	55,938	62,904	152,289	202,955
Other expense (income)				
Interest expense	4,373	3,592	10,847	13,001
Foreign exchange (gains) losses and other, net	2,311	764	1,863	1,130
Deferred loan costs written off	2,149	—	2,149	—
Total other expense	8,833	4,356	14,859	14,131
Income before income taxes	47,105	58,548	137,430	188,824
Provision for income tax expense	13,924	17,605	42,371	61,232
Net income	33,181	40,943	95,059	127,592
Less: Income attributable to noncontrolling interest	40	20	59	66
Net income attributable to common stockholders	33,141	40,923	95,000	127,526
Weighted average shares outstanding				
Basic	91,443	84,993	90,347	78,041
Diluted	94,734	92,339	94,527	84,940
Earnings per share				
Basic	\$ 0.36	\$ 0.48	\$ 1.05	\$ 1.63
Diluted	\$ 0.35	\$ 0.44	\$ 1.01	\$ 1.50
Other comprehensive income, net of tax:				
Net income	33,181	40,943	95,059	127,592
Change in foreign currency translation, net of tax of \$0	24,114	10,441	(789)	14,198
Comprehensive income	57,295	51,384	94,270	141,790
Less: comprehensive loss (income) attributable to noncontrolling interests	(32)	(11)	50	(47)
Comprehensive income attributable to common stockholders	\$ 57,263	\$ 51,373	\$ 94,320	\$ 141,743

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

Forum Energy Technologies, Inc. and subsidiaries
Condensed consolidated balance sheets
(Unaudited)

(in thousands, except share information)	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 28,201	\$ 41,063
Accounts receivable—trade, net	250,261	228,947
Inventories	454,738	455,129
Prepaid expenses and other current assets	22,488	12,744
Costs and estimated profits in excess of billings	18,501	6,551
Deferred income taxes, net	40,006	30,443
Total current assets	814,195	774,877
Property and equipment, net of accumulated depreciation	174,773	152,983
Deferred financing costs, net	11,885	8,045
Intangibles	307,558	257,419
Goodwill	791,823	695,799
Investment in unconsolidated subsidiary	62,277	—
Other long-term assets	5,773	3,857
Total assets	\$ 2,168,284	\$ 1,892,980
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	\$ 31,110	\$ 20,504
Accounts payable—trade	111,103	98,990
Accrued liabilities	96,612	93,701
Contingent consideration liability	—	15,664
Deferred revenue	18,793	33,720
Billings in excess of costs and profits recognized	12,996	17,582
Derivative instruments	—	714
Total current liabilities	270,614	280,875
Long-term debt, net of current portion	499,990	400,201
Deferred income taxes, net	105,101	49,749
Other long-term liabilities	8,491	—
Total liabilities	884,196	730,825
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 296,000,000 shares authorized, 92,621,203 and 87,543,173 shares issued	926	875
Additional paid-in capital	818,774	764,635
Treasury stock at cost, 3,408,128 and 3,377,599 shares	(26,783)	(25,933)
Warrants	716	26,394
Retained earnings	490,601	395,601
Accumulated other comprehensive loss	(779)	(100)
Total stockholders' equity	1,283,455	1,161,472
Noncontrolling interest in subsidiary	633	683
Total equity	1,284,088	1,162,155
Total liabilities and equity	\$ 2,168,284	\$ 1,892,980

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

Forum Energy Technologies, Inc. and subsidiaries
Condensed consolidated statements of cash flows
(Unaudited)

(in thousands, except share information)	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 95,059	\$ 127,592
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	26,498	23,134
Amortization of intangible assets	17,478	14,971
Share-based compensation expense	15,442	5,553
Deferred income taxes	11,474	(1,545)
Deferred loan costs written off	2,149	—
Earnings from equity investment	(2,946)	—
Payment of contingent consideration included in operating activities	—	(7,127)
Change in contingent consideration	—	(4,600)
Impairment of intangible assets	—	1,161
Other	582	608
Changes in operating assets and liabilities		
Accounts receivable—trade	441	(18,815)
Inventories	35,264	(95,948)
Prepaid expenses and other current assets	(12,175)	10,330
Accounts payable, deferred revenue and other accrued liabilities	(9,012)	16,180
Billings in excess of costs and estimated profits earned, net	(16,127)	3,164
Net cash provided by operating activities	\$ 164,127	\$ 74,658
Cash flows from investing activities		
Acquisition of businesses, net of cash acquired	(181,717)	(2,839)
Investment in unconsolidated subsidiary	(112,241)	—
Distribution from unconsolidated subsidiary	64,228	—
Capital expenditures for property and equipment	(44,717)	(37,779)
Proceeds from sale of property and equipment	739	4,784
Net cash used in investing activities	\$ (273,708)	\$ (35,834)
Cash flows from financing activities		
Borrowings on long-term debt	345,520	78,517
Repayment of long-term debt	(235,346)	(432,789)
Proceeds of IPO, net of offering costs	—	256,381
Proceeds from concurrent private placement	—	50,000
Payment of contingent consideration	(11,435)	(11,100)
Excess tax benefits from stock based compensation	4,225	6,990
Repurchases of stock	(850)	(56)
Proceeds from stock issuance	4,768	10,128
Deferred financing costs	(7,600)	(16)
Net cash provided by (used in) financing activities	\$ 99,282	\$ (41,945)
Effect of exchange rate changes on cash	(2,563)	505
Net increase (decrease) in cash and cash equivalents	(12,862)	(2,616)
Cash and cash equivalents		
Beginning of period	41,063	20,548
End of period	\$ 28,201	\$ 17,932
Noncash investing and financing activities		
Payment of contingent consideration via stock	\$ 4,075	\$ 3,341
Insurance policy financed through notes payable	—	6,348

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

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements
(Unaudited)

1. Organization and basis of presentation

Forum Energy Technologies, Inc. (the "Company"), a Delaware corporation, is a global oilfield products company, serving the subsea, drilling, completion, production and infrastructure 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.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

The Company's investment in an operating entity where the Company has the ability to exert significant influence, but does not control operating and financial policies, is accounted for using the equity method. The Company's share of the net income of this entity is recorded as "Earnings from equity investment" in the condensed consolidated statements of comprehensive income. The investment in this entity is included in "Investment in unconsolidated subsidiary" in the condensed consolidated balance sheets. The Company reports its share of equity earnings within operating income as the investee's operations are similar in nature to the operations of the Company.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013 or any other interim period.

These interim financial statements are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("GAAP") for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012, which are included in the Company's 2012 Annual Report on Form 10-K filed with the SEC on March 5, 2013 (the "Annual Report").

2. Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), which are adopted by the Company as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

In December 2011, the FASB issued Accounting Standards Update ("ASU") 2011-11— "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11") and in January 2013, the FASB issued ASU 2013-01— "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01"). The issuance of ASU 2013-01 limited the scope of ASU 2011-11 to derivatives, repurchase agreements and securities lending transactions to the extent that they are offset in the financial statements or subject to an enforceable master netting or similar agreement. The Company adopted this update effective January 1, 2013 and it did not have a material impact on the condensed consolidated financial statements.

In February 2013, the FASB issued an update to existing guidance on the presentation of comprehensive income. This update requires disclosure of significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on the respective line items of net income. The Company adopted this update effective January 1, 2013 with the appropriate disclosures and it did not have a material impact on the condensed consolidated financial statements.

In July 2012, the FASB amended the Intangibles — Goodwill and Other (Topic 350) of the Accounting Standards Codification that allows entities to make a qualitative assessment of whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. 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, no additional work is necessary. If an entity determines it is more likely than not that the fair value is less than the carrying amount, then the entity is required to proceed to the quantitative approach. The amended guidance is effective for the Company in the

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

annual test in the fourth quarter of 2013 and adoption is not expected to impact consolidated financial condition or results of operations.

3. Acquisitions

2013 Acquisitions

Effective July 1, 2013, the Company completed the following two acquisitions for aggregate consideration of approximately \$180.0 million:

- Blohm + Voss Oil Tools GmbH and related entities ("B+V"), a manufacturer of pipe handling equipment used on offshore and onshore drilling rigs with locations in Hamburg, Germany and Willis, Texas. In connection with this acquisition, the Company assumed responsibility for the liabilities of B+V's pension plan. The plan had an unfunded balance of approximately \$7.9 million at the time of acquisition. B+V is included in the Drilling & Subsea segment; and
- Moffat 2000 Ltd. ("Moffat"), a Newcastle, England based manufacturer of subsea pipeline inspection gauge launching and receiving systems, and subsea connectors. Moffat is included in the Drilling & Subsea segment.

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

	2013 Acquisitions
Current assets, net of cash acquired	\$ 60,574
Property and equipment	4,545
Intangible assets (primarily customer relationships)	65,751
Non-tax-deductible goodwill	94,234
Current liabilities	(18,240)
Long term liabilities	(7,879)
Deferred tax liabilities	(19,880)
Net assets acquired	<u>\$ 179,105</u>

2012 Acquisitions

The Company completed four acquisitions in the fourth quarter 2012 for aggregate consideration of \$139.5 million. These acquisitions, all of which are included in the Drilling & Subsea segment, were:

- Syntech Technology, Inc. ("Syntech"), a Lorton, Virginia based manufacturer of syntactic foam buoyancy materials used for ROVs and other deepwater flotation applications;
- Wireline Solutions, LLC ("Wireline"), a Sanger, Texas based manufacturer of downhole completion tools, including composite plugs used for plug, perforate and fracture applications and wireline flow control products;
- Dynacon, Inc. ("Dynacon"), a Bryan, Texas based provider of launch and recovery systems used for the deployment of ROVs and high quality specialized cable and umbilical handling equipment; and
- Merrimac Manufacturing, Inc. ("Merrimac"), a Plantersville, Texas based manufacturer of consumable parts for drilling, well servicing and pressure pumping applications, including mud pump parts, power swivel parts and valves and seats for hydraulic fracturing pumps.

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

Contingent consideration from 2011 acquisitions

The total purchase consideration for two acquisitions completed in 2011, Wood Flowline Products, LLC ("WFP") and Phoinix Global, LLC ("Phoinix"), included two separate contingent consideration payments based on each of the acquired company's 2011 and 2012 calendar year earnings as defined in the applicable purchase and sale agreement. The contingent consideration payment related to the WFP acquisition included a portion payable in shares. Upon resolution of the results of operations for WFP for the year ended December 31, 2011, the portion of the contingent consideration payable in shares of the Company's common stock was finalized and \$3.3 million was reclassified to equity in March 2012. The cash portion of the contingent consideration payments based on WFP's and Phoinix's 2011 earnings in the amount of \$6.1 million and \$12.1 million, respectively, were paid during the quarter ended June 30, 2012.

Upon resolution of the results of operations for WFP for the year ended December 31, 2012, the portion of the contingent consideration payable in shares of the Company's common stock was finalized and \$4.1 million was reclassified to equity in May 2013. The cash portion of the contingent consideration payments based on WFP's and Phoinix's 2012 earnings in the amount of \$3.5 million and \$7.9 million, respectively, were paid during the quarter ended June 30, 2013.

4. Investment in unconsolidated subsidiary

Effective July 1, 2013, the Company jointly purchased Global Tubing, LLC ("Global Tubing") with an equal partner, with management retaining a small interest. Global Tubing is a Dayton, Texas based provider of coiled tubing strings and related services. The Company's equity investment is reported in the Production & Infrastructure segment and is accounted for using the equity method of accounting. As part of the purchase, the Company paid \$113.0 million to purchase all of the shares of ARC Global Tubing, L.P., the only asset of ARC Global Tubing, L.P. being its interest in Global Tubing. Our partner purchased the remaining interest in Global Tubing, not directly retained by management. In conjunction with the purchase, the joint venture made distributions to the new owners from borrowed funds. The Company received a disproportionate share totaling \$64.2 million, making each partner's net investment \$48.8 million. The investment in the unconsolidated subsidiary was increased at the time of purchase by approximately \$10.6 million to record a deferred tax liability, causing the gross investment recorded to equal \$59.4 million. This deferred tax liability is related to the difference between our investment in the unconsolidated subsidiary for financial reporting purposes and our outside tax basis in the limited liability company. Since the initial investment, the Company recorded \$2.9 million of earnings for the three months ended September 30, 2013, and therefore, the investment was \$62.3 million at September 30, 2013.

5. Inventories

The Company's significant components of inventory at September 30, 2013 and December 31, 2012 were as follows (in thousands):

	September 30, 2013	December 31, 2012
Raw materials and parts	\$ 136,868	\$ 145,970
Work in process	72,188	86,558
Finished goods	269,483	243,726
Gross inventories	478,539	476,254
Inventory reserve	(23,801)	(21,125)
Inventories	\$ 454,738	\$ 455,129

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

6. Goodwill and intangible assets

Goodwill

The changes in the carrying amount of goodwill from January 1, 2013 to September 30, 2013, were as follows (in thousands):

	Drilling & Subsea	Production & Infrastructure	Total
Goodwill Balance at January 1, 2013 net	\$ 616,520	\$ 79,279	\$ 695,799
Acquisitions and measurement period adjustments	94,331	—	94,331
Impact of non-U.S. local currency translation	1,888	(195)	1,693
Goodwill Balance at September 30, 2013 net	\$ 712,739	\$ 79,084	\$ 791,823

Intangible assets

Intangible assets consisted of the following as of September 30, 2013 and December 31, 2012, respectively (in thousands):

	September 30, 2013			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	\$ 284,198	\$ (61,856)	\$ 222,342	4-15
Patents and technology	35,575	(5,880)	29,695	5-17
Non-compete agreements	6,538	(4,877)	1,661	3-6
Trade names	48,347	(10,912)	37,435	10-15
Distributor relationships	22,160	(10,965)	11,195	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	\$ 402,048	\$ (94,490)	\$ 307,558	

	December 31, 2012			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	\$ 241,358	\$ (49,766)	\$ 191,592	4-15
Patents and technology	19,780	(4,360)	15,420	5-17
Non-compete agreements	5,880	(4,420)	1,460	3-6
Trade names	40,255	(8,680)	31,575	10-15
Distributor relationships	22,160	(10,018)	12,142	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	\$ 334,663	\$ (77,244)	\$ 257,419	

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

7. Debt

Notes payable and lines of credit as of September 30, 2013 and December 31, 2012 consisted of the following (in thousands):

	September 30, 2013	December 31, 2012
Senior secured revolving credit line	\$ 244,000	\$ 122,480
Senior secured term loan	285,000	296,250
Other debt	2,100	1,975
Total debt	531,100	420,705
Less: current maturities	(31,110)	(20,504)
Long-term debt	\$ 499,990	\$ 400,201

The Company has a senior secured credit facility (the "Credit Facility") with several financial institutions as lenders, which provides for a \$600.0 million revolving credit line with up to \$75.0 million available for letters of credit and up to \$25.0 million in swingline loans, and a term loan with an outstanding balance of \$285.0 million at September 30, 2013. The Credit Facility matures in October 2016. Weighted average interest rates under the Credit Facility (without the effect of hedging) at September 30, 2013 and December 31, 2012 were 2.44% and 2.21%, respectively.

Availability under the Credit Facility was approximately \$343.1 million at September 30, 2013. There have been no changes to the financial covenants disclosed in Item 7 of the Annual Report and the Company was in compliance with all financial covenants at September 30, 2013.

Subsequent to September 30, 2013, the Company issued \$300.0 million of senior unsecured notes, which bear interest at a rate of 6.25% per annum ("Senior Unsecured Notes"). The Senior Unsecured Notes mature on October 1, 2021 and were issued at par. The Company used the net proceeds from the issuance of \$293.0 million to repay the then-outstanding term loan balance and a portion of the revolving credit facility balance. The estimated term over which debt issue costs related to the term loan were being amortized was revised in connection with the anticipated repayment of the term loan. Accordingly, debt issue costs that had been previously capitalized of \$ 2.1 million were charged to expense in September 2013. Approximately \$7.6 million of debt issue costs related to the Senior Unsecured Notes were capitalized.

The Senior Unsecured Notes are senior unsecured obligations and are guaranteed on a senior unsecured basis by the Company's subsidiaries that guarantee the Company's Credit Facility and rank junior to, among other indebtedness, the Company's Credit Facility. The Senior Unsecured Notes contain customary covenants including certain limitations and restrictions on the Company's ability to incur additional indebtedness, redeem or prepay subordinated debt, create liens, pay dividends and make distributions in respect of capital stock, redeem capital stock, make investments or certain other restricted payments, sell assets, issue or sell stock of restricted subsidiaries, create unrestricted subsidiaries, enter into transactions with affiliates and effect consolidations or mergers. Many of these restrictions will terminate if the Senior Unsecured Notes become rated investment grade. The indenture governing the Senior Unsecured Notes also contains customary events of default, including payment defaults; defaults for failure to comply with other covenants in the indenture; cross-acceleration; entry of final judgments in excess of \$50.0 million; and certain events of bankruptcy, in certain cases subject to notice and grace periods. The Company is required to offer to repurchase the Senior Unsecured Notes in connection with specified change in control events or with excess proceeds of asset sales not applied for permitted purposes.

8. Income taxes

The Company's effective tax rate for the nine months ended September 30, 2013 and 2012 was 30.8% and 32.4%, respectively. The tax provision is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings being generated outside the United States in jurisdictions subject to lower tax rates. The effective tax rate can vary from period to period depending on the Company's relative mix of U.S. and non-U.S. earnings. The effective tax rate was 29.6% and 30.1% for the three months ended September 30, 2013 and 2012, respectively. The tax provision for the three months ended September 30, 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings being derived in jurisdictions outside the U.S. subject to lower tax rates. In addition, both of these quarterly periods benefited from the release of reserves for uncertain tax positions attributable

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

to matters in jurisdictions for which either examinations by tax authorities were concluded or the statute of limitations on assessments expired during the respective quarter.

9. Fair value measurements

The Company had interest rate swaps with a total notional amount of \$75.0 million that were executed to provide an economic hedge against interest rate risk. These swaps were not designated for hedge accounting at inception and were recorded at fair value, which is measured using the market approach valuation technique. These swaps had a fixed rate of 1.83% and expired in August 2013. The realized gains and losses are included in interest expense in the condensed consolidated statements of comprehensive income. At December 31, 2012, the fair value of the swap agreements was recorded as a short-term liability of \$0.7 million.

In connection with the acquisitions of WFP and Phoinix, the total consideration included contingent consideration payments. The fair value of the contingent consideration for these acquisitions was estimated at the time of the respective acquisitions based on internal valuations of the earnings levels that the acquired companies were expected to achieve. The fair value was re-measured quarterly until finalized as of December 31, 2012 upon resolution of the 2012 calendar year earnings and the fair values were no longer variable after that time. These amounts were paid out during the quarter ended June 30, 2013. Refer to Note 3, Acquisitions, for further discussion.

At September 30, 2013, the carrying value of the Credit Facility was \$529.1 million. Substantially all of the debt incurs interest at a variable interest rate and, therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

There were no other outstanding financial assets as of September 30, 2013 and December 31, 2012 that required measuring the amounts at fair value on a recurring basis. The Company did not change its valuation techniques associated with recurring fair value measurements from prior periods and there were no transfers between levels of the fair value hierarchy during the nine months ended September 30, 2013.

10. Business segments

The Company's operations are divided into the following two operating segments, which are our reportable segments: Drilling & Subsea ("D&S") and Production & Infrastructure ("P&I"). The amounts indicated below as "Corporate" relate to costs and assets not allocated to the reportable segments. Summary financial data by segment follows (in thousands):

	Three months ended September		Nine months ended September 30,	
	2013	2012	2013	2012
Revenue:				
Drilling & Subsea	\$ 248,344	\$ 203,823	\$ 679,482	\$ 639,538
Production & Infrastructure	142,731	144,095	452,845	445,770
Intersegment eliminations	(883)	(151)	(1,249)	(540)
Total Revenue	\$ 390,192	\$ 347,767	\$ 1,131,078	\$ 1,084,768
Operating income:				
Drilling & Subsea	\$ 42,568	\$ 41,406	\$ 110,630	\$ 133,784
Production & Infrastructure	21,402	25,520	65,600	80,071
Corporate	(7,447)	(6,253)	(21,521)	(14,996)
Total segment operating income	56,523	60,673	154,709	198,859
Contingent consideration expense	—	(700)	—	(4,600)
Intangible asset impairment	—	—	—	1,161
Transaction expenses	376	85	2,191	882
Loss (gain) on sale of assets and other	209	(1,616)	229	(1,539)
Income from operations	\$ 55,938	\$ 62,904	\$ 152,289	\$ 202,955

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

A summary of consolidated assets by reportable segment is as follows (in thousands):

	September 30, 2013	December 31, 2012
Assets		
Drilling & Subsea	\$ 1,636,106	\$ 1,413,944
Production & Infrastructure	480,185	435,496
Corporate	51,993	43,540
Total assets	\$ 2,168,284	\$ 1,892,980

11. Earnings per share

The calculation of basic and diluted earnings per share for each period presented was as follows (dollars and shares in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income attributable to common stockholders	\$ 33,141	\$ 40,923	\$ 95,000	\$ 127,526
Average shares outstanding (basic)	91,443	84,993	90,347	78,041
Common stock equivalents	3,291	7,346	4,180	6,899
Diluted shares	94,734	92,339	94,527	84,940
Earnings per share				
Basic earnings per share	\$ 0.36	\$ 0.48	\$ 1.05	\$ 1.63
Diluted earnings per share	\$ 0.35	\$ 0.44	\$ 1.01	\$ 1.50

The diluted earnings per share calculation excludes approximately 0.3 million and 1.2 million stock options for the three months ended September 30, 2013 and 2012, respectively, and 0.3 million and 0.9 million stock options for the nine months ended September 30, 2013 and 2012, respectively, because they were anti-dilutive as the option exercise price was greater than the average market price of the common stock.

12. Commitments and contingencies

In the ordinary course of business, the Company is, and in the future, could be involved in various pending or threatened legal actions, which may or may not be covered by insurance. Management has reviewed such pending judicial and legal proceedings, the reasonably anticipated costs and expenses in connection with such proceedings, and the availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are considered to be probable and can be reasonably estimated. The reserves accrued at September 30, 2013 and 2012, respectively, are immaterial. In the opinion of management, the Company's ultimate liability, if any, with respect to these actions is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

13. Stockholders' equity

Warrants

During the nine months ended September 30, 2013, the Company's largest shareholder converted all of its 6,366,072 warrants pursuant to the terms of a warrant agreement and received 4,227,358 shares of the Company's common stock. As of September 30, 2013, approximately 370,000 warrants remained outstanding and were recorded to stockholders' equity at their fair value of \$1.94 per warrant, which was determined at the time of issuance.

The remaining warrants expire the earlier of October 11, 2014 or upon the occurrence of certain other events.

Forum Energy Technologies, Inc. and subsidiaries
Notes to condensed consolidated financial statements (continued)
(Unaudited)

Share-based compensation

During the nine months ended September 30, 2013, the Company granted 342,880 options and 492,140 shares of restricted stock or restricted stock units, which includes 110,720 performance share awards with a market condition. The stock options were granted on February 21, 2013 with an exercise price of \$26.05. Of the restricted stock or restricted stock units granted, 359,820 vest ratably over four years on the anniversary of the grant date. On February 21, 2013, 21,600 shares of restricted stock or restricted stock units were granted to the non-employee members of the Board of Directors, which have a thirteen month vesting period from the date of grant. The performance share awards granted may settle for between zero and two shares of the Company's common stock. The number of shares issued pursuant to the performance share awards will be determined based on the total shareholder return of the Company's common stock as compared to a group of peer companies, measured annually over a three-year performance period.

14. Related party transactions

The Company entered into lease agreements for office and warehouse space with former owners of acquired companies or affiliates of a director. The dollar amounts related to these related party activities are not significant to the Company's consolidated financial statements.

The Company purchased inventory, services and fixed assets from an affiliate of a director in amounts totaling \$4.5 million and \$3.4 million during the nine months ended September 30, 2013 and 2012, respectively. The Company sold \$1.0 million and \$1.1 million of equipment and services to an affiliate of a director during the nine months ended September 30, 2013 and 2012, respectively.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 2. Management's discussion and analysis of financial condition and results of operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control. All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "may," "continue," "predict," "potential," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements about:

- business strategy;*
- cash flows and liquidity;*
- the volatility of oil and natural gas prices;*
- our ability to successfully manage our growth, including risks and uncertainties associated with integrating and retaining key employees of the businesses we acquire;*
- the availability of raw materials and specialized equipment;*
- availability of skilled and qualified labor;*
- our ability to accurately predict customer demand;*
- competition in the oil and gas industry;*
- governmental regulation and taxation of the oil and natural gas industry;*
- environmental liabilities;*
- political, social and economic issues affecting the countries in which we do business;*
- our ability to deliver our backlog in a timely fashion;*
- our ability to implement new technologies and services;*
- availability and terms of capital;*
- general economic conditions;*
- benefits of our acquisitions;*
- availability of key management personnel;*
- operating hazards inherent in our industry;*
- the continued influence of our largest shareholder;*
- the ability to establish and maintain effective internal control over financial reporting;*
- the ability to operate effectively as a publicly traded company;*
- financial strategy, budget, projections and operating results;*
- uncertainty regarding our future operating results; and*
- plans, objectives, expectations and intentions contained in this report that are not historical.*

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can

give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 5, 2013 and elsewhere in this Quarterly Report on Form 10-Q. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Overview

We are a global oilfield products company, serving the subsea, drilling, completion, production and infrastructure sectors of the oil and natural gas industry. We design, manufacture and distribute products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering includes a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration, development, production and transportation of oil and natural gas. Our capital products are directed at: drilling rig equipment for new rigs, upgrades and refurbishment projects; subsea construction and development projects; the placement of production equipment on new producing wells; and downstream capital projects. Our engineered systems are critical components used on drilling rigs or in the course of subsea operations, while our consumable products are used to maintain efficient and safe operations at well sites in the well construction process, within the supporting infrastructure, and at processing centers and refineries. Historically, a little more than half of our revenue is derived from activity-based consumable products, while the balance is derived from capital products and a small amount from rental and other services.

We seek to design, manufacture and supply reliable products that create value for our diverse customer base, which includes, among others, oil and gas operators, land and offshore drilling contractors, well stimulation and intervention service providers, subsea construction and service companies, and pipeline and refinery operators.

We operate in two business segments:

- *Drilling & Subsea segment.* We design and manufacture products and provide related services to the subsea, drilling, well construction, completion and intervention markets. Through this segment, we offer robotic vehicles and other capital equipment, specialty components and tooling, a broad suite of complementary subsea technical services and rental items, and applied products for subsea pipelines; capital equipment and a broad line of products consumed in the drilling and well intervention process; and cementing and casing tools, completion products, and a range of downhole protection solutions.
- *Production & Infrastructure segment.* We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. Through this segment, we supply well stimulation consumable products and related recertification and refurbishment services; well site production equipment, process equipment and specialty pipeline construction equipment; and a broad range of industrial and process valves.

Market Conditions

The demand for our products and services is ultimately driven by energy prices and the expectation of exploration and production companies relating to future trends in those prices. Management believes that the long-term fundamentals underlying the global demand for energy, such as long-term economic and demographic trends, remain strong. The level of demand for our products and services is directly related to the capital budgets of our customers, which in turn are influenced heavily by the outlook for energy prices.

The table below shows average crude oil and natural gas prices for West Texas Intermediate crude oil (WTI), United Kingdom Brent crude oil (Brent), and Henry Hub natural gas:

	Three months ended		
	September 30,	June 30,	September 30,
	2013	2013	2012
Average global oil, \$/bbl			
West Texas Intermediate	\$ 105.78	\$ 94.14	\$ 91.49
United Kingdom Brent	\$ 110.07	\$ 103.43	\$ 108.80

Average North American Natural Gas, \$/Mcf			
Henry Hub	\$ 3.55	\$ 4.02	\$ 2.85

Crude oil prices appear adequate to generally maintain the current level of exploration and production activity, including the development of deepwater prospects, which stimulate demand for our subsea products and services. Current oil prices are also supporting a generally steady level of oil related activity, both offshore and onshore. Despite some improvement in 2013, low levels of North American natural gas prices have negatively impacted certain areas of our business, principally those tied to products and services we provide to the pressure pumping service sector and the land based drilling industry.

Corresponding to the commodity price levels, the average active rig count data below, based on the weekly Baker Hughes Incorporated rig count, reflect a broad measure of industry activity and resultant demand for our drilling and production related products and services.

	Three months ended		
	September 30,	June 30,	September 30,
	2013	2013	2012
Active Rigs by Location			
United States	1,770	1,761	1,905
Canada	350	152	325
International	1,285	1,306	1,259
Global Active Rigs	3,405	3,219	3,489
Land vs. Offshore Rigs			
Land	3,026	2,834	3,145
Offshore	379	385	344
Global Active Rigs	3,405	3,219	3,489
U.S. Commodity Target			
Oil/Gas	1,383	1,396	1,419
Gas	380	359	486
Unclassified	7	6	—
Total U.S. Rigs	1,770	1,761	1,905
U.S. Well Path			
Horizontal	1,073	1,098	1,153
Vertical	436	450	531
Directional	261	213	221
Total U.S. Active Rigs	1,770	1,761	1,905

The average U.S. rig count remained relatively flat from the second quarter 2013. However, demand for both consumable and capital products for drilling rigs and our flow equipment products are starting to experience a modest recovery. Our valves product line has experienced recent softening of demand as some infrastructure projects have been delayed.

Results of operations

We made two acquisitions and an investment in a joint venture in the third quarter 2013 and four acquisitions in the fourth quarter 2012. For additional information about these acquisitions and investment, see Note 3 and 4 to the condensed consolidated financial statements in Item 1 of Part I of this quarterly report. For this reason, our results of operations for the 2013 period presented may not be comparable to historical results of operations for the 2012 period.

Three months ended September 30, 2013 compared with three months ended September 30, 2012

	Three Months Ended September 30,		Favorable / (Unfavorable)	
	2013	2012	\$	%
<i>(in thousands of dollars, except per share information)</i>				
Revenue:				
Drilling & Subsea	\$ 248,344	\$ 203,823	\$ 44,521	21.8 %
Production & Infrastructure	142,731	144,095	(1,364)	(0.9)%
Eliminations	(883)	(151)	(732)	(484.8)%
Total revenue	\$ 390,192	\$ 347,767	\$ 42,425	12.2 %
Operating income:				
Drilling & Subsea	\$ 42,568	\$ 41,406	\$ 1,162	2.8 %
<i>Operating income margin %</i>	<i>17.1%</i>	<i>20.3%</i>		
Production & Infrastructure	21,402	25,520	(4,118)	(16.1)%
<i>Operating income margin %</i>	<i>15.0%</i>	<i>17.7%</i>		
Corporate	(7,447)	(6,253)	(1,194)	(19.1)%
Total segment operating income	\$ 56,523	\$ 60,673	\$ (4,150)	(6.8)%
<i>Operating income margin %</i>	<i>14.5%</i>	<i>17.4%</i>		
Contingent consideration expense	—	(700)	(700)	100.0 %
Transaction expenses	376	85	(291)	(342.4)%
Loss (gain) on sale of assets and other	209	(1,616)	(1,825)	*
Income from operations	55,938	62,904	(6,966)	(11.1)%
Interest expense, net	4,373	3,592	(781)	(21.7)%
Foreign exchange (gains) losses and other, net	2,311	764	(1,547)	*
Deferred loan costs written off	2,149	—	(2,149)	100.0 %
Other (income) expense, net	8,833	4,356	(4,477)	(102.8)%
Income before income taxes	47,105	58,548	(11,443)	(19.5)%
Income tax expense	13,924	17,605	3,681	20.9 %
Net income	33,181	40,943	(7,762)	(19.0)%
Less: Income attributable to non-controlling interest	40	20	20	*
Income attributable to common stockholders	\$ 33,141	\$ 40,923	\$ (7,782)	(19.0)%
Weighted average shares outstanding				
Basic	91,443	84,993		
Diluted	94,734	92,339		
Earnings per share				
Basic	\$ 0.36	\$ 0.48		
Diluted	\$ 0.35	\$ 0.44		

* not meaningful

Revenue

Our revenue for the three months ended September 30, 2013 increased \$42.4 million, or 12.2%, to \$390.2 million compared to the three months ended September 30, 2012. For the three months ended September 30, 2013, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 63.6% and 36.4% of our total revenue, respectively, which compared to 58.6% and 41.4% of total revenue, respectively, for the three months ended September 30, 2012. The changes in revenue by operating segment consisted of the following:

Drilling & Subsea segment — Revenue increased \$44.5 million, or 21.8%, to \$248.3 million during the three months ended September 30, 2013 compared to the three months ended September 30, 2012 primarily attributable to recent acquisitions in the third quarter 2013 and fourth quarter 2012, and increased sales of remotely operated vehicles, offset by lower shipments of some drilling products compared to the year earlier period.

Production & Infrastructure segment — Revenue decreased \$1.4 million, or 0.9%, to \$142.7 million during the three months ended September 30, 2013 compared to the three months ended September 30, 2012 primarily due to a decrease in shipments of valves for large projects.

Segment operating income and segment operating margin percentage

Segment operating income for the three months ended September 30, 2013, decreased \$4.2 million, or 6.8%, to \$56.5 million compared to the three months ended September 30, 2012. The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the three months ended September 30, 2013, the segment operating margin percentage of 14.5% represents a decline of 290 basis points from the 17.4% operating margin percentage for three months ended September 30, 2012.

The Company undertook several actions in the three months ended September 30, 2013 to adjust its cost structure in line with lower North American activity levels. Included in segment operating income for the period was \$6.5 million in charges for severance and facility closures. In addition, equity in earnings from the Company's investment in Global Tubing, LLC included a \$0.8 million charge for transaction expenses related to the investment.

Drilling & Subsea segment — The operating margin percentage decreased 320 basis points to 17.1% for the three months ended September 30, 2013, from 20.3% for the three months ended September 30, 2012. Excluding the severance and facility closure charges, the adjusted operating margin percentage of 19.6% is down 70 basis points compared to the year earlier period. The decline in operating margin percentage is attributable to increased shipments of downhole products destined for lower margin international projects and reduced shipments of higher margin hydraulic catwalks, partially offset by improved margins on remotely operated vehicle sales. Sales, general and administrative costs as a percent of revenue remained consistent.

Production & Infrastructure segment — Operating margin percentage declined 270 basis points to 15.0% for the three months ended September 30, 2013, from 17.7% for the three months ended September 30, 2012. The decline in operating margin was primarily attributable to manufacturing delays and increased costs related to a significant order in the production equipment product line. We also experienced a shift in valves product mix depressing margins from the very strong year earlier period. Margins benefited from the inclusion of equity in earnings of the Global Tubing LLC joint venture in the current period. Otherwise, margins were down in the flow equipment product line from the year earlier period.

Corporate — Selling, general and administrative expenses for Corporate increased by \$1.2 million, or 19.1%, for the three months ended September 30, 2013 compared to the three months ended September 30, 2012, due to higher personnel costs and various professional fees primarily associated with being a publicly traded company and complying with applicable regulations. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, human resources and information technology; professional fees for external legal, accounting and related services; and marketing costs. Corporate costs also included \$0.4 million in severance charges.

Other items not included in segment operating income

Several items are not included in segment operating income, but are included in total operating income. These items include: contingent consideration, transaction expenses and gains/losses from the sale of assets. The contingent consideration credit recorded during the three months ended September 30, 2012 was related to two 2011 acquisitions for which part of the purchase price was payable in cash and/or shares of our common stock based on the earnings of the acquired entities through the end of 2012. The change in the amount of the accrual was recorded as part of operating income, and the reduction in the estimated amount of this obligation at the time resulted in an increase to operating income of \$0.7 million for the three months ended September 30, 2012. Transaction expenses relate to legal and other advisory costs incurred in acquiring businesses and are not considered to be part of segment operating income. Including \$0.8 million reported as part of equity in earnings of Global Tubing, LLC, transaction expenses were \$1.2 million for the three months ended September 30, 2013, primarily attributable to additional costs incurred for two acquisitions and an investment in a joint venture closed effective July 1, 2013, and \$0.1 million for the three months ended September 30, 2012, respectively. Refer to Note 3, Acquisitions, for further information.

Other income and expense

Other income and expense includes interest expense, foreign exchange gains and losses and deferred loan costs written off. We incurred \$4.4 million of interest expense during the three months ended September 30, 2013, an increase of \$0.8 million from the three months ended September 30, 2012. The increase in interest expense was attributable to an increase in debt incurred to finance the two acquisitions and an investment in a joint venture completed in the third quarter 2013 and a 25 basis point increase in the applicable interest rates under the Credit Facility as the increased debt moved us into a higher pricing tier.

Subsequent to September 30, 2013, we issued \$300.0 million of senior unsecured notes, which bear interest at a rate of 6.25% per annum ("Senior Unsecured Notes"). We used the net proceeds from the issuance of \$293.0 million to repay the then-outstanding term loan balance and a portion of the revolving credit facility balance. The estimated term over which debt issue costs related to the term loan were being amortized was revised in connection with the anticipated repayment of the term loan. Accordingly, debt issue costs that had been previously capitalized of \$2.1 million were charged to expense in September 2013. Approximately \$7.6 million of debt issue costs related to the Senior Unsecured Notes were capitalized.

Taxes

Tax expense includes current income taxes expected to be due based on taxable income to be reported during the periods in the various jurisdictions in which we conduct business, and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 29.6% and 30.1% for the three months ended September 30, 2013 and 2012, respectively. The tax provision for the three months ended September 30, 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings being derived in jurisdictions outside the U.S. subject to lower tax rates. In addition, both periods benefited from the release of reserves for uncertain tax positions attributable to matters in jurisdictions for which either examinations by tax authorities were concluded or the statute of limitations on assessments expired during the respective quarter.

Nine months ended September 30, 2013 compared with nine months ended September 30, 2012

	Nine Months Ended September 30,		Favorable / (Unfavorable)	
	2013	2012	\$	%
<i>(in thousands of dollars, except per share information)</i>				
Revenue:				
Drilling & Subsea	\$ 679,482	\$ 639,538	\$ 39,944	6.2 %
Production & Infrastructure	452,845	445,770	7,075	1.6 %
Eliminations	(1,249)	(540)	(709)	(131.3)%
Total revenue	\$ 1,131,078	\$ 1,084,768	\$ 46,310	4.3 %
Operating income:				
Drilling & Subsea	\$ 110,630	\$ 133,784	\$ (23,154)	(17.3)%
<i>Operating income margin %</i>	<i>16.3%</i>	<i>20.9%</i>		
Production & Infrastructure	65,600	80,071	(14,471)	(18.1)%
<i>Operating income margin %</i>	<i>14.5%</i>	<i>18.0%</i>		
Corporate	(21,521)	(14,996)	(6,525)	(43.5)%
Total segment operating income	\$ 154,709	\$ 198,859	\$ (44,150)	(22.2)%
<i>Operating income margin %</i>	<i>13.7%</i>	<i>18.3%</i>		
Contingent consideration expense	—	(4,600)	(4,600)	100.0 %
Impairment of intangible assets	—	1,161	1,161	100.0 %
Transaction expenses	2,191	882	(1,309)	(148.4)%
Loss (gain) on sale of assets and other	229	(1,539)	(1,768)	114.9 %
Income from operations	152,289	202,955	(50,666)	(25.0)%
Interest expense, net	10,847	13,001	2,154	16.6 %
Foreign exchange (gains) losses and other, net	1,863	1,130	(733)	*
Deferred loan costs written off	2,149	—	(2,149)	100.0 %
Other (income) expense, net	14,859	14,131	(728)	(5.2)%
Income before income taxes	137,430	188,824	(51,394)	(27.2)%
Income tax expense	42,371	61,232	18,861	30.8 %
Net income	95,059	127,592	(32,533)	(25.5)%
Less: Income attributable to non-controlling interest	59	66	(7)	*
Income attributable to common stockholders	\$ 95,000	\$ 127,526	\$ (32,526)	(25.5)%
Weighted average shares outstanding				
Basic	90,347	78,041		
Diluted	94,527	84,940		
Earnings per share				
Basic	\$ 1.05	\$ 1.63		
Diluted	\$ 1.01	\$ 1.50		
* not meaningful				

Revenue

Our revenue for the nine months ended September 30, 2013 increased \$46.3 million, or 4.3%, to \$1,131.1 million compared to the nine months ended September 30, 2012. For the nine months ended September 30, 2013, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 60.1% and 39.9% of our total revenue, respectively, which was consistent with the nine months ended September 30, 2012. The revenue increase by operating segment consisted of the following:

Drilling & Subsea segment — Revenue increased \$39.9 million, or 6.2%, to \$679.5 million during the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, primarily attributable to recent acquisitions in the third quarter of 2013 and fourth quarter of 2012, and increased sales of subsea remotely operated vehicles, offset by lower shipments of some drilling products compared to the year earlier period.

Production & Infrastructure segment — Revenue increased \$7.1 million, or 1.6%, to \$452.8 million during the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, primarily attributable to the increases in production equipment and valves. Partially offsetting these increases, revenues from the sale of well stimulation products decreased as orders from our customers remain at significantly lower levels compared to the 2012 period.

Segment operating income and segment operating margin percentage

Segment operating income for the nine months ended September 30, 2013, as reported, decreased \$44.2 million, or 22.2%, to \$154.7 million compared to the nine months ended September 30, 2012. The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the nine months ended September 30, 2013, the segment operating margin percentage of 13.7% represents a decline of 460 basis points from the 18.3% operating margin percentage for nine months ended September 30, 2012.

The Company undertook several actions recently to adjust its cost structure in line with lower North American activity levels. Included in segment operating income for the nine month period was \$6.5 million in charges for severance and facility closures. In addition, equity in earnings from the Company's investment in Global Tubing LLC included a \$0.8 million charge for transaction expenses related to the investment.

Drilling & Subsea segment — The operating margin percentage decreased 460 basis points to 16.3% for the nine months ended September 30, 2013, from 20.9% for the nine months ended September 30, 2012. Excluding the severance and facility closure charges, the adjusted operating margin percentage of 17.2% is down 370 basis points compared to the year earlier period. The decline in operating margin percentage is primarily attributable to reduced activity levels in the drilling product line which results in higher fixed cost per unit; increased shipments of downhole products destined for lower margin international projects; offset partially by improved margins on remotely operated vehicle sales.

Production & Infrastructure segment — Operating margin percentage declined 350 basis points to 14.5% for the nine months ended September 30, 2013, from 18.0% for the nine months ended September 30, 2012. The declines in operating margin percentage are primarily attributable to lower margins in well stimulation products, where we experienced lower margins on significantly lower activity levels and increased pricing pressure due to excess inventory in the overall market, offset partially by the inclusion of equity in earnings of the Global Tubing LLC joint venture.

Corporate — Selling, general and administrative expenses for Corporate increased by \$6.5 million, or 43.5%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 due to higher personnel costs and various professional fees primarily associated with being a publicly traded company and complying with applicable regulations as more than half of the prior period was before our initial public offering. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, human resources and information technology; professional fees for external legal, accounting and related services; and marketing costs. Corporate costs also included \$0.4 million in severance charges.

Other items not included in segment operating income

Several items are not included in segment operating income, but are included in total operating income. These items include: contingent consideration, impairment of intangible assets, transaction expenses and gains/losses from the sale of assets. The contingent consideration credit recorded during the nine months ended September 30, 2012 was related to two acquisitions in 2011 in which part of the purchase price was payable in cash and/or shares of the our common stock based on the earnings of the acquired entities through the end of 2012. The change in the amount of the accrual was recorded as part of operating income, and the reduction in estimated amount of this obligation at the time resulted in an increase to operating income of \$4.6 million for the nine months ended September 30, 2012. During the nine months ended September 30, 2012, an impairment loss of \$1.2 million was recorded on certain intangible assets resulting from a lack of orders related to a specific service line. Transaction expenses relate to legal and other advisory costs incurred in acquiring businesses and are not considered to be part of segment operating income. Including \$0.8 million reported as part of equity in earnings of Global Tubing LLC, transaction costs were \$3.0 million for the nine months ended September 30, 2013, primarily attributable to additional costs incurred for two acquisitions and an investment in a joint venture closed effective July 1, 2013, and \$0.9 million for the nine months ended September 30, 2012. Refer to Note 3, Acquisitions, for further information.

Other income and expense

Other income and expense includes interest expense, foreign exchange gains and losses and deferred loan costs written off. We incurred \$10.8 million of interest expense during the nine months ended September 30, 2013, a decrease of \$2.2 million from the nine months ended September 30, 2012. The decrease in interest expense was attributable to a lower debt level as we repaid a portion of our debt from operating cash flows and from the net proceeds of our initial public offering and concurrent private placement during the second quarter 2012, partially offset by an increase in debt incurred to finance the two acquisitions and an investment in a joint venture completed in the third quarter 2013.

Subsequent to September 30, 2013, the Company issued \$300.0 million of Senior Unsecured Notes. The estimated term over which debt issue costs related to the term loan repaid in connection with the issuance of the Senior Unsecured Notes were being amortized was revised in connection with the anticipated repayment of the term loan. Accordingly, debt issue costs that had been previously capitalized of \$ 2.1 million were charged to expense in September 2013. Approximately \$7.6 million of debt issue costs related to the Senior Unsecured Notes were capitalized.

Taxes

Tax expense includes current income taxes expected to be due based on taxable income to be reported during the periods in the various jurisdictions in which we conduct business, and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 30.8% and 32.4% for the nine months ended September 30, 2013 and 2012, respectively. The tax provision for the nine months ended September 30, 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings being generated outside the United States in jurisdictions subject to lower tax rates.

Liquidity and capital resources

Sources and uses of liquidity

At September 30, 2013, we had cash and cash equivalents of \$28.2 million and total debt of \$531.1 million. We believe that cash on hand, cash generated from operations and amounts available under our Credit Facility will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations for the foreseeable future.

Subsequent to September 30, 2013, we issued \$300.0 million of Senior Unsecured Notes, which bear interest at a rate of 6.25% per annum. The Senior Unsecured Notes mature on October 1, 2021 and were issued at par. We used the net proceeds from the issuance of \$293.0 million to repay the then-outstanding term loan balance and a portion of the revolving credit facility balance.

The Senior Unsecured Notes are senior unsecured obligations and are guaranteed on a senior unsecured basis by the Company's subsidiaries that guarantee the Company's Credit Facility and rank junior to, among other indebtedness, the Company's Credit Facility. The Senior Unsecured Notes contain customary covenants including certain limitations

and restrictions on the Company's ability to incur additional indebtedness, redeem or prepay subordinated debt, create liens, pay dividends and make distributions in respect of capital stock, redeem capital stock, make investments or certain other restricted payments, sell assets, issue or sell stock of restricted subsidiaries, create unrestricted subsidiaries, enter into transactions with affiliates and effect consolidations or mergers. Many of these restrictions will terminate if the Senior Unsecured Notes become rated investment grade. The indenture governing the Senior Unsecured Notes also contains customary events of default, including payment defaults; defaults for failure to comply with other covenants in the indenture; cross-acceleration; entry of final judgments in excess of \$50.0 million; and certain events of bankruptcy, in certain cases subject to notice and grace periods. The Company is required to offer to repurchase the Senior Unsecured Notes in connection with specified change in control events or with excess proceeds of asset sales not applied for permitted purposes.

We currently expect our total 2013 capital expenditure to be approximately \$60.0 million, which consists of, among other items, investments in constructing or expanding certain manufacturing facilities, purchases of machinery and equipment, expansion of our rental fleet of subsea equipment, and general maintenance capital expenditures of approximately \$25.0 million. This budget does not include possible expenditures for future business acquisitions.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. We expanded and diversified our product portfolio with the acquisition of two businesses and an investment in a joint venture in the quarter ended September 30, 2013 and four businesses in the quarter ended December 31, 2012 for total consideration (net of cash acquired) of approximately \$230.0 million and \$139.5 million, respectively. We used cash on hand and borrowings under the Credit Facility to finance these acquisitions. We continue to actively review acquisition opportunities on an ongoing basis. Our ability to make significant additional acquisitions for cash may require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Our cash flows for the nine months ended September 30, 2013 and 2012 are presented below (in millions):

	Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities	\$ 164.1	\$ 74.7
Net cash used in investing activities	(273.7)	(35.8)
Net cash provided by (used in) financing activities	99.3	(41.9)
Net increase (decrease) in cash and cash equivalents	\$ (12.9)	\$ (2.6)

Cash flows provided by operating activities

Net cash provided by operating activities was \$164.1 million and \$74.7 million for the nine months ended September 30, 2013 and 2012, respectively. While net income decreased to \$95.0 million for the nine months ended September 30, 2013 from \$127.5 million for the nine months ended September 30, 2012, cash provided by operations increased as a result of lower incremental investments in working capital, primarily inventory, as compared to the prior year.

Cash flows used in investing activities

Net cash used in investing activities was \$273.7 million and \$35.8 million for the nine months ended September 30, 2013 and 2012, respectively, a \$237.9 million increase. The increase was attributable to the consideration paid for the two acquisitions and an investment in a joint venture closed in 2013, while there were no acquisitions closed in the prior year period. The balance of the increase results from the higher investment in property and equipment of \$44.7 million in the 2013 period compared to an investment of \$37.8 million during 2012. Additionally, net proceeds from sale of property and equipment of \$0.7 million during the 2013 period was 4.1 million lower than the net proceeds of \$4.8 million in the 2012 period.

Cash flows provided by (used in) financing activities

Net cash provided by financing activities was \$99.3 million for the nine months ended September 30, 2013 and consisted primarily of net borrowings of long-term debt of \$110.2 million. Net cash used in financing activities was \$41.9 million for the nine months ended September 30, 2012 and consisted primarily of (1) net proceeds from our initial public offering and concurrent private placement, which were used to pay down a portion of the outstanding borrowings under the revolving portion of our Credit Facility, and (2) payment of contingent consideration.

Credit Facility

Our Credit Facility provides for a \$600.0 million revolving credit line, with up to \$75.0 million available for letters of credit and up to \$25.0 million in swingline loans, and a term loan with an outstanding balance of \$285.0 million at September 30, 2013. Our revolving Credit Facility had an outstanding balance of \$244.0 million at September 30, 2013 and matures in October 2016. Weighted average interest rates under our Credit Facility (without the effect of hedging) at September 30, 2013 and December 31, 2012 were 2.44% and 2.21%, respectively. Net proceeds of \$293.0 million from the issuance of the Senior Unsecured Notes issued subsequent to September 30, 2013 were used to repay the outstanding term loan balance and a portion of the revolving credit facility balance.

Future borrowings under the revolving portion of our Credit Facility will be available for working capital and other general corporate purposes, including permitted acquisitions. It is anticipated that the revolving portion of the Credit Facility will be available to be drawn on and repaid during the term thereof as long as we are in compliance with the terms of the credit agreement, including certain financial covenants. Availability under our Credit Facility, giving effect to the financial covenants provided therein, was approximately \$361.9 million as of October 31, 2013.

There have been no changes to the Credit Facility financial covenants disclosed in Item 7 of our 2012 Annual Report on Form 10-K and we were in compliance with all financial covenants at September 30, 2013 and December 31, 2012.

Off-balance sheet arrangements

As of September 30, 2013, we had no off-balance sheet instruments or financial arrangements, other than operating leases entered into in the ordinary course of business.

Contractual obligations

Except for net borrowings under the revolving portion of our Credit Facility as discussed above, as of September 30, 2013, there have been no material changes in our contractual obligations and commitments disclosed in the Annual Report.

Critical accounting policies and estimates

There have been no material changes in our critical accounting policies and procedures during the nine months ended September 30, 2013. For a detailed discussion of our critical accounting policies and estimates, refer to our 2012 Annual Report on Form 10-K.

Recent accounting pronouncements

In December 2011, the FASB issued Accounting Standards Update ("ASU") 2011-11— "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11") and in January 2013, the FASB issued ASU 2013-01— "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01"). The issuance of ASU 2013-01 limited the scope of ASU 2011-11 to derivatives, repurchase agreements and securities lending transactions to the extent that they are offset in the financial statements or subject to an enforceable master netting or similar agreement. The Company adopted this update effective January 1, 2013 and it did not have a material impact on the condensed consolidated financial statements.

In February 2013, the FASB issued an update to existing guidance on the presentation of comprehensive income. This update requires disclosure of significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on the respective line items of net income. The Company adopted this update effective January 1, 2013 with the appropriate disclosures and it did not have a material impact on the condensed consolidated financial statements.

In July 2012, the FASB amended the Intangibles — Goodwill and Other (Topic 350) of the Accounting Standards Codification that allows entities to make a qualitative assessment of whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. 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, no additional work is necessary. If an entity determines it is more likely than not that the fair value is less than the carrying amount, then the entity is required to proceed to the quantitative approach. The amended guidance is effective for the Company in the annual test in the fourth quarter of 2013 and adoption is not expected to impact consolidated financial condition or results of operations.

Item 3. Quantitative and qualitative disclosures about market risk

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

There have been no significant changes to our market risk since December 31, 2012. For a discussion of our exposure to market risk, refer to Part II, Item 7(a), "Quantitative and Qualitative Disclosures About Market Risk," in our 2012 Annual Report on Form 10-K

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of September 30, 2013. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2013 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 12, Commitments and Contingencies, in Part I, Item 1, *Financial Statements*, for a discussion of our legal proceedings, which is incorporated into this Item 1 of Part II by reference.

Item 1A. Risk Factors

For additional information about our risk factors, see "Risk Factors" in Item 1A of our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Pursuant to a restricted stock agreement dated July 1, 2013 between the Company and each of Messrs. John Thompson and Paul Thompson (the "Purchasers"), the Purchasers purchased 48,621 and 32,413 shares, respectively, of our restricted common stock in exchange for a payment of \$1,505,111.68 and \$1,003,376.83, respectively. The agreement to issue the shares was made in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof, which exempts transactions by an issuer not involving any public offering. Each of the Purchasers represented that he was an accredited investor and that he intended to acquire the shares for investment only and not with a view to, or for sale in connection with, any distribution thereof, and appropriate restrictions on transfer were attached to the shares in such issuance. The issuance of the shares was not a public offering for purposes of Section 4(a)(2) because of its being made only to the Purchasers, their status as accredited investors and the manner of the issuance, including that the Company did not engage in general solicitation or advertising with regard to the issuance of the shares and did not offer the shares to the public in connection with the issuance.

Shares of common stock purchased and placed in treasury during the three months ended September 30, 2013 were as follows:

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plan or programs	Maximum number of shares that may yet be purchased under the plan or program (b)
July 1, 2013 - July 31, 2013	6,025	\$ 30.31	—	—
August 1, 2013 - August 31, 2013	—	\$ —	—	—
September 1, 2013 - September 30, 2013	5,006	\$ 27.20	—	—
Total	11,031	\$ 28.90	—	—

(a) All of the 11,031 of the shares purchased during the three months ended September 30, 2013 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants. None of these shares were part of a publicly announced program to purchase common shares.

(b) Forum does not have any publicly announced equity securities repurchase plans or programs.

Item 6. Exhibits

Exhibit Number	DESCRIPTION
1.1*	— Purchase Agreement (incorporated herein by reference to Exhibit 1.1 on the Company's Current Report on Form 8-K, filed on October 3, 2013).
10.1**	— Agreement by and between Forum Energy Technologies, Inc. and Charles E. Jones.
31.1**	— Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	— Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1***	— Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2***	— Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS****†	— XBRL Instance Document.
101.SCH****†	— XBRL Taxonomy Extension Schema Document.
101.CAL****†	— XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB****†	— XBRL Taxonomy Extension Label Linkbase Document.
101.PRE****†	— XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF****†	— XBRL Taxonomy Extension Definition Linkbase Document.

* Previously filed.

** Filed herewith.

*** Furnished herewith.

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

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals.

FORUM ENERGY TECHNOLOGIES, INC.

Date: November 1, 2013

By: /s/ James W. Harris
James W. Harris
Senior Vice President and Chief Financial Officer
(As Duly Authorized Officer and Principal Financial Officer)

By: /s/ Tylar K. Schmitt
Tylar K. Schmitt
Vice President and Corporate Controller
(As Duly Authorized Officer and Principal Accounting Officer)

FORUM ENERGY TECHNOLOGIES, INC.

\$300,000,000

6.250% Senior Notes due 2021

Purchase Agreement

September 27, 2013

J.P. Morgan Securities LLC

As Representative of the
several Initial Purchasers listed
in Schedule 1 hereto
c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several initial purchasers listed in Schedule 1 hereto (the "Initial Purchasers"), for whom you are acting as representative (the "Representative"), \$300,000,000 principal amount of its 6.250% Senior Notes due 2021 (the "Securities"). The Securities will be issued pursuant to an Indenture to be dated as of October 2, 2013 (the "Indenture") by and among the Company, the guarantors listed in Schedule 2 hereto (the "Guarantors") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and will be guaranteed on a senior unsecured basis by each of the Guarantors (the "Guarantees").

The Securities will be sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption therefrom or in a transaction not subject thereto. The Company and the Guarantors have prepared a preliminary offering memorandum dated September 23, 2013 (the "Preliminary Offering Memorandum") and will prepare an offering memorandum dated the date hereof (the "Offering Memorandum") setting forth information concerning the Company, the Guarantors and the Securities. Copies of the Preliminary Offering Memorandum have been, and copies of the Offering Memorandum will be, delivered by the Company to the Initial Purchasers pursuant to the terms of this purchase agreement (the "Agreement"). The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum, the other Time of Sale Information (as defined below) and the Offering Memorandum in connection with the

offering and resale of the Securities by the Initial Purchasers in the manner contemplated by this Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Preliminary Offering Memorandum. References herein to the Preliminary Offering Memorandum, the Time of Sale Information and the Offering Memorandum shall be deemed to refer to and include any document incorporated by reference therein and any reference to “amend,” “amendment” or “supplement” with respect to the Preliminary Offering Memorandum or the Offering Memorandum shall be deemed to refer to and include any documents filed after such date and incorporated by reference therein.

At or prior to the time when sales of the Securities were first made (the “Time of Sale”), the Company had prepared the following information (collectively, the “Time of Sale Information”): the Preliminary Offering Memorandum, as supplemented and amended by the written communications listed on Annex A hereto.

Holders of the Securities (including the Initial Purchasers and their direct and indirect transferees) will be entitled to the benefits of a Registration Rights Agreement (the “Registration Rights Agreement”) to be dated the Closing Date (as defined below), pursuant to which the Company and the Guarantors will agree to file one or more registration statements with the Securities and Exchange Commission (the “Commission”) providing for the registration under the Securities Act of the Securities or the Exchange Securities referred to (and as defined) in the Registration Rights Agreement and the related Guarantees.

The Company and the Guarantors hereby confirm their agreement with the several Initial Purchasers concerning the purchase and resale of the Securities, as follows:

1. Purchase and Resale of the Securities.

(a) The Company agrees to issue and sell the Securities to the several Initial Purchasers as provided in this Agreement, and each Initial Purchaser, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase from the Company the respective principal amount of Securities set forth opposite such Initial Purchaser’s name in Schedule 1 hereto at a price equal to 98.000% of the principal amount thereof plus accrued interest, if any, from October 2, 2013 to the Closing Date. The Company will not be obligated to deliver any of the Securities except upon payment for all the Securities to be purchased as provided herein.

(b) The Company understands that the Initial Purchasers intend to offer the Securities for resale on the terms set forth in the Time of Sale Information. Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that:

(i) it is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act (a “QIB”) and an accredited investor within the meaning of Rule 501(a) of Regulation D under the Securities Act (“Regulation D”);

(ii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act;

(iii) it has not sold the Securities as part of its initial offering except within the United States to persons whom it reasonably believes to be QIBs in transactions pursuant to Rule 144A under the Securities Act (“Rule 144A”) and in connection with each such sale, it has taken or will take reasonable steps to ensure that the purchaser of the Securities is aware that such sale is being made in reliance on Rule 144A; and

(iv) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities as part of its initial offering except in accordance with the restrictions set forth in Annex C hereto.

(c) Each Initial Purchaser acknowledges and agrees that the Company and, for purposes of the “no registration” opinions to be delivered to the Initial Purchasers pursuant to Sections 6(f) and 6(h), counsel for the Company and counsel for the Initial Purchasers, respectively, may rely upon the accuracy of the representations and warranties of the Initial Purchasers, and compliance by the Initial Purchasers with their agreements, contained in paragraph (b) above (including Annex C hereto), and each Initial Purchaser hereby consents to such reliance.

(d) The Company acknowledges and agrees that the Initial Purchasers may offer and sell Securities to or through any affiliate of an Initial Purchaser and that any such affiliate may offer and sell Securities purchased by it to or through any Initial Purchaser.

(e) The Company and the Guarantors acknowledge and agree that each Initial Purchaser is acting solely in the capacity of an arm's length contractual counterparty to the Company and the Guarantors with respect to the offering of Securities contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company, the Guarantors or any other person. Additionally, neither the Representative nor any other Initial Purchaser is advising the Company, the Guarantors or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company and the Guarantors shall consult with their own advisors concerning such matters and shall be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby, and neither the Representative nor any other Initial Purchaser shall have any responsibility or liability to the Company or the Guarantors with respect thereto. Any review by the Representative or any Initial Purchaser of the Company, the Guarantors, and the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Representative or such Initial Purchaser, as the case may be, and shall not be on behalf of the Company, the Guarantors or any other person.

2. Payment and Delivery.

(a) Payment for and delivery of the Securities will be made at the offices of Vinson & Elkins L.L.P., 1001 Fannin Street, Houston, Texas at 10:00 A.M., New York City time, on October 2, 2013, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representative and the Company may agree upon in writing. The time and date of such payment and delivery is referred to herein as the "Closing Date."

(b) Payment for the Securities shall be made by wire transfer in immediately available funds to the account(s) specified by the Company to the Representative against delivery to the nominee of The Depository Trust Company ("DTC"), for the account of the Initial Purchasers, of one or more global notes representing the Securities (collectively, the "Global Note"), with any transfer taxes payable in connection with the sale of the Securities duly paid by the Company. The Global Note will be made available for inspection by the Representative not later than 1:00 P.M., New York City time, on the business day prior to the Closing Date.

3. Representations and Warranties of the Company and the Guarantors. The Company and the Guarantors jointly and severally represent and warrant to each Initial Purchaser that:

(a) *Preliminary Offering Memorandum, Time of Sale Information and Offering Memorandum*. The Preliminary Offering Memorandum, as of its date, did not, the Time of Sale Information, at the Time of Sale, did not, and at the Closing Date, will not, and the Offering Memorandum, in the form first used by the Initial Purchasers to confirm sales of the Securities and as of the Closing Date, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company and the Guarantors make no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representative expressly for use in the Preliminary Offering Memorandum, the Time of Sale Information or the Offering Memorandum, which information is specified in the last sentence of Section 7(b).

(b) *Additional Written Communications; Permitted General Solicitations*. The Company and the Guarantors (including their agents and representatives, other than the Initial Purchasers in their capacity as such) have not prepared, used, authorized, approved or referred to and will not prepare, use, authorize, approve or refer to (x) any written communication that constitutes an offer to sell or solicitation of an offer to buy the Securities (each such communication by the Company and the Guarantors or their agents and representatives (other than a communication referred to in clauses (i) and (ii) below) an "Issuer Written Communication") other than (i) the Preliminary Offering Memorandum, (ii) the Offering Memorandum, (iii) the documents listed on Annex A hereto, including a term sheet substantially in the form of Annex B hereto, which constitute part of the Time of Sale Information, and (iv) any electronic road show or other written communications other than any Permitted General Solicitation (as defined below),

in each case used in accordance with Section 4(c) of this Agreement or (y) any general solicitation other than such solicitation (i) listed on Annex A hereto or (ii) in accordance with Section 4(n) of this Agreement (each such solicitation referred to in clauses (i) and (ii) a "Permitted General Solicitation"). Each such Issuer Written Communication, when taken together with the Time of Sale Information as of the Time of Sale, did not, and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company and the Guarantors make no representation or warranty with respect to any statements or omissions made in each such Issuer Written Communication in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representative expressly for use in any Issuer Written Communication, which information is specified in the last sentence of Section 7(b).

(c) *Incorporated Documents.* The documents incorporated by reference in each of the Time of Sale Information and the Offering Memorandum, when they were filed with the Commission conformed in all material respects to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Time of Sale Information or the Offering Memorandum on or prior to the Closing Date, when such documents are filed with the Commission, will conform in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) *Financial Statements.* The financial statements and the related notes thereto of the Company and its consolidated subsidiaries included or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum comply in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as applicable, and present fairly in all material respects the financial position of the Company and its consolidated subsidiaries, as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum present fairly in all material respects the information required to be stated therein; and the other financial information included or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby.

(e) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum, and except as disclosed in the Time of Sale Information and the Offering Memorandum, (i) there has not been any material change in the capital stock (other than the issuance of shares of the Company's Common Stock upon exercise of stock options and warrants described as outstanding in, and the grant and exercise of options and awards under existing equity incentive plans described in, the Time of Sale Information and the Offering Memorandum), any material increase in the short-term debt or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, financial position, stockholders' equity, results of operations or prospects of the Company and its subsidiaries taken as a whole; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in each of the Time of Sale Information and the Offering Memorandum.

(f) *Organization and Good Standing.* The Company and each of its subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified, in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, financial position, stockholders' equity, results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company and the Guarantors of their obligations under this Agreement, the Securities, and the Guarantees (a "Material Adverse Effect"). The subsidiaries listed in Schedule 3 to this Agreement are the only significant subsidiaries of the Company.

(g) *Capitalization.* The Company has an authorized capitalization as set forth in each of the Time of Sale Information and the Offering Memorandum under the heading "Capitalization"; all the outstanding shares of capital stock or other equity interests of each subsidiary of the Company have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to any preemptive or similar rights (except as otherwise described in each of the Time of Sale Information and the Offering

Memorandum) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party (collectively, "Liens"), except for Liens arising under the Amended and Restated Credit Agreement, dated as of October 4, 2011, among the Company, as Borrower, Wells Fargo Bank, National Association, as Administrative Agent and Swing Line Lender, Wells Fargo Bank, National Association, JPMorgan Chase Bank, N.A. and Bank of America, N.A., and such other lenders designated from time to time as issuing lenders, as amended (the "Credit Agreement").

(h) *Due Authorization.* The Company and each of the Guarantors have all requisite corporate, limited partnership or limited liability company power and authority, as the case may be, to execute and deliver this Agreement, the Securities, the Indenture (including each Guarantee set forth therein), the Exchange Securities (including the related Guarantees), and the Registration Rights Agreement (collectively, the "Transaction Documents") and to perform their respective obligations hereunder and thereunder; and all corporate, limited partnership or limited liability company action required to be taken by the Company and each of the Guarantors for the due and proper authorization, execution and delivery by them of each of the Transaction Documents and the consummation by them of the transactions contemplated hereby and thereby has been duly and validly taken.

(i) *The Indenture.* The Indenture has been duly authorized by the Company and each of the Guarantors and on the Closing Date will be duly executed and delivered by the Company and each of the Guarantors and, when duly executed and delivered in accordance with its terms by each of the other parties thereto, will constitute a valid and legally binding agreement of the Company and each of the Guarantors enforceable against the Company and each of the Guarantors in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) (collectively, the "Enforceability Exceptions"); and on the Closing Date, the Indenture will conform in all material respects to the requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission applicable to an indenture that is qualified thereunder.

(j) *The Securities and the Guarantees.* The Securities have been duly authorized by the Company and, when duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture; and the Guarantees have been duly authorized by each of the Guarantors and, when the Securities have been duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be valid and legally binding obligations of each of the Guarantors, enforceable against each of the Guarantors in accordance

with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture.

(k) *The Exchange Securities.* On the Closing Date, the Exchange Securities (including the related Guarantees) will have been duly authorized by the Company and each of the Guarantors and, when duly executed, authenticated, issued and delivered in accordance with the Indenture and as contemplated by the Registration Rights Agreement, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of the Company, as issuer, and each of the Guarantors, as guarantor, enforceable against the Company and each of the Guarantors in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture.

(l) *Purchase and Registration Rights Agreements.* This Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors; and the Registration Rights Agreement has been duly authorized by the Company and each of the Guarantors and on the Closing Date will be duly executed and delivered by the Company and each of the Guarantors and, when duly executed and delivered in accordance with its terms by each of the other parties thereto, each of this Agreement and the Registration Rights Agreement will constitute a valid and legally binding agreement of the Company and each of the Guarantors enforceable against the Company and each of the Guarantors in accordance with its terms, subject to the Enforceability Exceptions, and except that enforceability may be limited by public policy, applicable law relating to fiduciary duties and indemnification and an implied covenant of good faith and fair dealing.

(m) *Descriptions of the Transaction Documents.* Each Transaction Document conforms in all material respects to the description thereof contained in each of the Time of Sale Information and the Offering Memorandum, as applicable.

(n) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or bylaws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) *No Conflicts.* The execution, delivery and performance by the Company and each of the Guarantors of each of the Transaction Documents to which it is a party, the issuance and sale of the Securities and the issuance of the Guarantees, the issuance of the Exchange Notes and the related Guarantees and the consummation by the

Company and each of the Guarantors of the transactions contemplated by the Transaction Documents will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien upon any property or assets of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject (other than any Lien arising under the Credit Agreement), (ii) result in any violation of the provisions of the charter or bylaws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority applicable to the Company and its subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default or Lien that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) *No Consents Required.* No consent, approval, authorization, order, license, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company and each of the Guarantors of each of the Transaction Documents to which it is a party, the issuance and sale of the Securities and the issuance of the Guarantees, the issuance of the Exchange Notes and the related Guarantees and the consummation by the Company and each of the Guarantors of the transactions contemplated by the Transaction Documents, except for such consents, approvals, authorizations, orders and registrations or qualifications as may be required (i) under applicable state securities laws in connection with the purchase and resale of the Securities by the Initial Purchasers and (ii) with respect to the Exchange Securities (including the related Guarantees) under the Securities Act, the Trust Indenture Act and applicable state securities laws as contemplated by the Registration Rights Agreement.

(q) *Legal Proceedings.* Except as described in each of the Time of Sale Information and the Offering Memorandum, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its subsidiaries is a party or to which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have a Material Adverse Effect; to the knowledge of the Company and each Guarantor, no such investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others; and there are no current or pending legal, governmental or regulatory actions, suits or proceedings that are required under the Securities Act to be described in a registration statement on Form S-1 to be filed with the Commission ("Form S-1") that are not so described in each of the Time of Sale Information and the Offering Memorandum.

(r) *Independent Accountants.* PricewaterhouseCoopers LLP ("PWC"), who has certified certain financial statements of the Company and its subsidiaries, is an

independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(s) *Title to Real and Personal Property.* The Company and its subsidiaries have good and marketable title in fee simple (in the case of real property) to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(t) *Title to Intellectual Property.* The Company and its subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) material to the conduct of their respective businesses, and the conduct of their respective businesses will not conflict in any material respect with any such rights of others. The Company and its subsidiaries have not received any notice of any claim of infringement or conflict with any such rights of others which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(u) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of its subsidiaries, on the other, that would be required by the Securities Act to be described in a Form S-1 and that is not so described in each of the Time of Sale Information and the Offering Memorandum.

(v) *Investment Company Act.* Neither the Company nor any of the Guarantors is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in each of the Time of Sale Information and the Offering Memorandum, none of them will be required to register as an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Investment Company Act").

(w) *Taxes.* The Company and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as otherwise disclosed in each of the Time of Sale Information and the Offering Memorandum, there is no material tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets.

(x) *Licenses and Permits.* The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in each of the Time of Sale Information and the Offering Memorandum, except where the failure to possess or make the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as described in each of the Time of Sale Information and the Offering Memorandum, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization.

(y) *No Labor Disputes.* No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company and each Guarantor, is threatened, and neither the Company nor any Guarantor is aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except as would not reasonably be expected to have a Material Adverse Effect.

(z) *Compliance with and Liability Under Environmental Laws.* (i) The Company and its subsidiaries (a) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, requirements, decisions, judgments, decrees, and orders relating to the protection of the environment, natural resources or human health or safety, including those relating to the generation, storage, treatment, use, handling, transportation, Release or threat of Release of Hazardous Materials (collectively, "Environmental Laws"), (b) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, (c) have not received notice of any actual or potential liability under or relating to, or actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any Release or threat of Release of Hazardous Materials, and the Company and each of the Guarantors have no knowledge of any event or condition that would reasonably be expected to result in any such notice, (d) are not conducting or paying for, in whole or in part, any investigation, remediation or other corrective action pursuant to any Environmental Law at any location, and (e) are not a party to any order, decree or agreement that imposes any obligation or liability under any Environmental Law, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries, except in the case of each of (i) and (ii) above, for any such matter, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Time of Sale Information and the Offering Memorandum, (a) there are no proceedings that are pending, or that are known to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (b) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws,

including the Release or threat of Release of Hazardous Materials, that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (c) none of the Company and its subsidiaries anticipates material capital expenditures relating to any Environmental Laws.

(aa) *Hazardous Materials.* There has been no storage, generation, transportation, use, handling, treatment, Release or threat of Release of Hazardous Materials by, relating to or caused by the Company or any of its subsidiaries (or, to the knowledge of the Company and the Guarantors, any other entity (including any predecessor) for whose acts or omissions the Company or any of its subsidiaries is or could reasonably be expected to be liable) at, on, under or from any property or facility now or previously owned, operated or leased by the Company or any of its subsidiaries, or at, on, under or from any other property or facility, in violation of any Environmental Laws or in a manner or amount or to a location that could reasonably be expected to result in any liability under any Environmental Law, except for any violation or liability which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. "Hazardous Materials" means any material, chemical, substance, waste, pollutant, contaminant, compound, mixture, or constituent thereof, in any form or amount, including petroleum (including crude oil or any fraction thereof) and petroleum products, natural gas liquids, asbestos and asbestos containing materials, naturally occurring radioactive materials, brine, and drilling mud, regulated by a government agency or which can give rise to liability under any Environmental Law. "Release" means any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, or migrating in, into or through the environment, or in, into, from or through any building or structure.

(ab) *Compliance with ERISA.* (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), for which the Company or any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "Code")) would have any material liability (each, a "Plan") has been maintained in all material respects in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code, except for noncompliance that could not reasonably be expected to result in material liability to the Company or its subsidiaries; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan excluding transactions effected pursuant to a statutory or administrative exemption that could reasonably be expected to result in a material liability to the Company or its subsidiaries; (iii) neither the Company nor any member of its Controlled Group contributes to, or has an obligation to contribute to, nor has at any time within the preceding five years contributed to or had an obligation to contribute to, a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA or any other Plan subject to Title IV of ERISA or Section 412 of the Code; and (iv) to the knowledge of the Company and each Guarantor, there is no pending audit or investigation by the Internal

Revenue Service, the U.S. Department of Labor, the Pension Benefit Guaranty Corporation or any other governmental agency or any foreign regulatory agency with respect to any Plan that could reasonably be expected to result in material liability to the Company or its subsidiaries. There has been no, nor is there expected to be any material increase in the Company and its subsidiaries' "accumulated post-retirement benefit obligations" (within the meaning of Statement of Financial Accounting Standards 106) compared to the amount of such obligations in the Company and its subsidiaries' most recently completed fiscal year.

(ac) *Disclosure Controls.* The Company and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

(ad) *Accounting Controls.* The Company and its subsidiaries maintain a system of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences and (v) interactive data in eXtensible Business Reporting Language included or incorporated by reference in each of the Preliminary Offering Memorandum, the Time of Sale Information and the Offering Memorandum fairly presents the information called for in all material respects and is prepared in accordance with the Commission's rules and guidelines applicable thereto. Except as disclosed in the Preliminary Offering Memorandum, the Time of Sale Information and the Offering Memorandum, there are no material weaknesses in the Company's internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not

material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(ae) *eXtensible Business Reporting Language*. The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Preliminary Offering Memorandum, the Time of Sale Information and the Offering Memorandum fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(af) *Insurance*. The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are reasonably adequate to protect the Company and its subsidiaries and their respective businesses; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) believes that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(ag) *No Unlawful Payments*. Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company and each of the Guarantors, any director, officer, agent, employee, or other person acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(ah) *Compliance with Money Laundering Laws*. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any of the Guarantors, threatened.

(ai) *No Conflicts with Sanctions Laws*. None of the Company, any of its subsidiaries or, to the knowledge of the Company or any of the Guarantors, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S.

Department of the Treasury (“OFAC”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”) (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not directly or indirectly use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as initial purchaser, advisor, investor or otherwise) of Sanctions.

(aj) *No Restrictions on Subsidiaries.* No subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary’s capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary’s properties or assets to the Company or any other subsidiary of the Company, except for any such restrictions that will be permitted by the Indenture.

(ak) *No Broker’s Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or any Initial Purchaser for a brokerage commission, finder’s fee or like payment in connection with the offering and sale of the Securities.

(al) *Rule 144A Eligibility.* On the Closing Date, the Securities will not be of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in an automated inter-dealer quotation system; and each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, contains or will contain all the information that, if requested by a prospective purchaser of the Securities, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act.

(am) *No Integration.* Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(an) *No General Solicitation or Directed Selling Efforts.* None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no representation is made) has (i) solicited offers for, or offered or sold, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D, other than by means of a Permitted General Solicitation, or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or (ii) engaged in any directed selling efforts within

the meaning of Regulation S under the Securities Act ("Regulation S"), and all such persons have complied with the offering restrictions requirement of Regulation S.

(ao) *Securities Law Exemptions.* Assuming the accuracy of the representations and warranties of the Initial Purchasers contained in Section 1(b) (including Annex C hereto) and their compliance with their agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the offer, resale and delivery of the Securities by the Initial Purchasers in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum, to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act.

(ap) *No Stabilization.* Neither the Company nor any of the Guarantors has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities.

(aq) *Margin Rules.* Neither the issuance, sale and delivery of the Securities nor the application of the proceeds thereof by the Company as described in each of the Time of Sale Information and the Offering Memorandum will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(ar) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included or incorporated by reference in any of the Time of Sale Information or the Offering Memorandum has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(as) *Statistical and Market Data.* Nothing has come to the attention of the Company or any Guarantor that has caused the Company or such Guarantor to believe that the statistical and market-related data included or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum is not based on or derived from sources that are reliable and accurate in all material respects.

(at) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply with any applicable provision of the Sarbanes-Oxley Act of 2002, as amended, and any applicable rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans and Sections 302 and 906 related to certifications.

4. Further Agreements of the Company and the Guarantors. The Company and the Guarantors jointly and severally covenant and agree with each Initial Purchaser that:

(a) *Delivery of Copies.* The Company will deliver, without charge, to each of the Initial Purchasers as many copies of the Preliminary Offering Memorandum, any other

Time of Sale Information, any Issuer Written Communication and the Offering Memorandum (including all amendments and supplements thereto) as the Representative may reasonably request.

(b) *Offering Memorandum, Amendments or Supplements.* Before finalizing the Offering Memorandum or making or distributing any amendment or supplement to any of the Time of Sale Information or the Offering Memorandum or filing with the Commission prior to the Closing Date any document that will be incorporated by reference therein, the Company will furnish to the Representative and counsel for the Initial Purchasers a copy of the proposed Offering Memorandum or such amendment or supplement or document to be incorporated by reference therein for review, and will not distribute any such proposed Offering Memorandum, amendment or supplement or file any such document with the Commission to which the Representative reasonably objects.

(c) *Additional Written Communications.* Before preparing, using, authorizing, approving or referring to any Issuer Written Communication, the Company and the Guarantors will furnish to the Representative and counsel for the Initial Purchasers a copy of such Issuer Written Communication for review and will not prepare, use, authorize, approve or refer to any such Issuer Written Communication to which the Representative reasonably objects.

(d) *Notice to the Representative.* The Company will advise the Representative promptly, and confirm such advice in writing, (i) of the issuance by any governmental or regulatory authority of any order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum or the initiation or, to the Company's knowledge, threatening of any proceeding for that purpose; (ii) of the occurrence of any event at any time prior to the completion of the initial offering of the Securities as a result of which any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when such Time of Sale Information, Issuer Written Communication, Permitted General Solicitation or the Offering Memorandum is delivered to a purchaser, not misleading; and (iii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Securities for offer and sale in any jurisdiction or the initiation or, to the Company's knowledge, threatening of any proceeding for such purpose; and the Company will use its best efforts to prevent the issuance of any such order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum or suspending any such qualification of the Securities and, if any such order is issued, will obtain as soon as possible the withdrawal thereof.

(e) *Time of Sale Information.* If at any time prior to the Closing Date (i) any event shall occur or condition shall exist as a result of which any of the Time of Sale Information as then amended or supplemented would include any untrue statement of a

material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (ii) it is necessary to amend or supplement the Time of Sale Information to comply with law, the Company will promptly notify the Initial Purchasers thereof and prepare and, subject to Section 4(b) above, furnish to the Initial Purchasers such amendments or supplements to the Time of Sale Information (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in any of the Time of Sale Information as so amended or supplemented (including such documents to be incorporated by reference therein) will not, in the light of the circumstances under which they were made, be misleading or so that any of the Time of Sale Information will comply with law.

(f) *Ongoing Compliance of the Offering Memorandum.* If at any time prior to the completion of the initial offering of the Securities (i) any event shall occur or condition shall exist as a result of which the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Offering Memorandum to comply with law, the Company will promptly notify the Initial Purchasers thereof and prepare and, subject to Section 4(b) above, furnish to the Initial Purchasers such amendments or supplements to the Offering Memorandum (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in the Offering Memorandum as so amended or supplemented (including such document to be incorporated by reference therein) will not, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, be misleading or so that the Offering Memorandum will comply with law.

(g) *Blue Sky Compliance.* The Company will qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representative shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of the Securities; provided that neither the Company nor any of the Guarantors shall be required to (i) qualify as a foreign corporation, limited partnership, limited liability company or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(h) *Clear Market.* During the period from the date hereof through and including the date that is 45 days after the date hereof, the Company and each of the Guarantors will not, without the prior written consent of the Representative, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company or any of the Guarantors and having a tenor of more than one year.

(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Securities as described in each of the Time of Sale Information and the Offering Memorandum under the heading “Use of proceeds.”

(j) *Supplying Information.* While the Securities remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company and each of the Guarantors will, during any period in which the Company is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, furnish to holders of the Securities and prospective purchasers of the Securities designated by such holders, upon the request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(k) *DTC.* The Company will assist the Initial Purchasers in arranging for the Securities to be eligible for clearance and settlement through DTC.

(l) *No Resales by the Company.* The Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Securities that have been acquired by any of them, except for Securities purchased by the Company or any of its affiliates and resold in a transaction registered under the Securities Act.

(m) *No Integration.* Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) will, directly or through any agent, sell, offer for sale, solicit offers to buy or otherwise negotiate in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(n) *No General Solicitation or Directed Selling Efforts.* None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no representation is made) has (i) solicited offers for, or offered or sold, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D without the prior written consent of the Representative or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or (ii) engaged in any directed selling efforts within the meaning of Regulation S under the Securities Act (“Regulation S”), and all such persons have complied with the offering restrictions requirement of Regulation S.

(o) *No Stabilization.* Neither the Company nor any of the Guarantors will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities.

5. Certain Agreements of the Initial Purchasers. Each Initial Purchaser hereby represents and agrees that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (i) the Preliminary Offering Memorandum and the Offering Memorandum, (ii) any written communication that contains either (a) no “issuer information” (as defined in Rule 433(h)

(2) under the Securities Act) or (b) “issuer information” that was included (including through incorporation by reference) in the Time of Sale Information or the Offering Memorandum, (iii) any written communication listed on Annex A or prepared pursuant to Section 4(c) above (including any electronic road show), (iv) any written communication prepared by such Initial Purchaser and approved by the Company in advance in writing or (v) any written communication relating to or that contains the terms of the Securities and/or other information that was included (including through incorporation by reference) in the Time of Sale Information or the Offering Memorandum.

6. Conditions of Initial Purchasers' Obligations. The obligation of each Initial Purchaser to purchase Securities on the Closing Date as provided herein is subject to the performance by the Company and each of the Guarantors of their respective covenants and other obligations hereunder and to the following additional conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company and the Guarantors contained herein shall be true and correct on the date hereof and on and as of the Closing Date; and the statements of the Company, the Guarantors and their respective officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date.

(b) *No Downgrade.* Subsequent to the earlier of (A) the Time of Sale and (B) the execution and delivery of this Agreement, (i) no downgrading shall have occurred in the rating accorded the Securities or any other debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries by any “nationally recognized statistical rating organization”, as such term is defined under Section 3(a)(62) under the Exchange Act and (ii) no such organization shall have publicly announced that it has under surveillance or review, or has changed its outlook with respect to, its rating of the Securities or of any other debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries (other than an announcement with positive implications of a possible upgrading).

(c) *No Material Adverse Change.* No event or condition of a type described in Section 3(e) hereof shall have occurred or shall exist, which event or condition is not described in each of the Time of Sale Information (excluding any amendment or supplement thereto) and the Offering Memorandum (excluding any amendment or supplement thereto), the effect of which, in the judgment of the Representative, makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

(d) *Officer's Certificate.* The Representative shall have received on and as of the Closing Date a certificate of an executive officer of the Company and of each Guarantor who has specific knowledge of the Company's or such Guarantor's financial matters and is satisfactory to the Representative (i) confirming that such officer has carefully reviewed the Time of Sale Information and the Offering Memorandum and, to the knowledge of such officer, the representations set forth in Sections 3(a) and (b) hereof are true and correct and (ii) confirming that the other representations and

warranties of the Company and the Guarantors in this Agreement are true and correct and that the Company and the Guarantors have complied with all agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to the Closing Date.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date, PWC shall have furnished to the Representative, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representative, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in each of the Time of Sale Information and the Offering Memorandum; provided that the letter delivered on the Closing Date shall use a "cut-off" date no more than three business days prior to the Closing Date.

(f) *Opinion and 10b-5 Statement of Counsel for the Company.* Baker Botts L.L.P., counsel for the Company, shall have furnished to the Representative, at the request of the Company, their written opinion and 10b-5 statement, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representative, to the effect set forth in Annex D-1 hereto.

(g) *Opinion of Internal Counsel for the Company.* The Senior Vice President, General Counsel and Secretary of the Company, shall have furnished to the Representative, at the request of the Company, his written opinion, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representative, to the effect set forth in Annex D-2 hereto.

(h) *Opinion and 10b-5 Statement of Counsel for the Initial Purchasers.* The Representative shall have received on and as of the Closing Date an opinion and 10b-5 statement, addressed to the Initial Purchasers, of Vinson & Elkins L.L.P., counsel for the Initial Purchasers, with respect to such matters as the Representative may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(i) *No Legal Impediment to Issuance.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Securities or the issuance of the Guarantees; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Securities or the issuance of the Guarantees.

(j) *Good Standing.* The Representative shall have received on and as of the Closing Date satisfactory evidence of the good standing of the Company and the Guarantors in their respective jurisdictions of organization and their good standing in such other jurisdictions as the Representative may reasonably request, in each case in writing

or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(k) *Registration Rights Agreement.* The Initial Purchasers shall have received a counterpart of the Registration Rights Agreement that shall have been executed and delivered by a duly authorized officer of the Company and each of the Guarantors.

(l) *DTC.* The Securities shall be eligible for clearance and settlement through DTC.

(m) *Indenture and Securities.* The Indenture shall have been duly executed and delivered by a duly authorized officer of the Company, each of the Guarantors, and the Trustee, and the Securities shall have been duly executed and delivered by a duly authorized officer of the Company and duly authenticated by the Trustee.

(n) *Additional Documents.* On or prior to the Closing Date, the Company and the Guarantors shall have furnished to the Representative such further certificates and documents as the Representative may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

7. Indemnification and Contribution.

(a) *Indemnification of the Initial Purchasers.* The Company and each of the Guarantors jointly and severally agree to indemnify and hold harmless each Initial Purchaser, its affiliates, selling agents, directors and officers and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such reasonable fees and expenses are incurred), joint or several, that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum (or any amendment or supplement thereto) or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representative expressly for use therein.

(b) *Indemnification of the Company and the Guarantors.* Each Initial Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Company, each of the Guarantors, each of their respective directors and officers and each person, if any, who controls the Company or any of the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representative expressly for use in the Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum (or any amendment or supplement thereto), it being understood and agreed that the only such information consists of the following paragraphs in the Preliminary Offering Memorandum and the Offering Memorandum: the first and second sentences of the third paragraph, the fourth and fifth sentences of the tenth paragraph and the fourteenth paragraph under the caption "Plan of Distribution."

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to either paragraphs (a) or (b) above, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnification may be sought (the "Indemnifying Person") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under paragraph (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under paragraphs (a) or (b) above. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent in such proceeding the Indemnified Person and any others entitled to indemnification pursuant to this Section 7 that the Indemnifying Person may designate and shall pay the reasonable fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests

between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for any Initial Purchaser, its affiliates, selling agents, directors and officers and any control persons of such Initial Purchaser shall be designated in writing by J.P. Morgan Securities LLC and any such separate firm for the Company, the Guarantors, their respective directors and officers and any control persons of the Company and the Guarantors shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs (a) or (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and the Guarantors on the one hand and the Initial Purchasers on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Securities and the total discounts and commissions received by the Initial Purchasers in connection therewith, as provided in this Agreement, bear to the aggregate offering price of the Securities. The relative fault of the Company and the Guarantors on the one hand and the Initial Purchasers on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or any Guarantor or by the Initial

Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The Company, the Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Initial Purchaser be required to contribute any amount in excess of the amount by which the total discounts and commissions received by such Initial Purchaser with respect to the offering of the Securities exceeds the amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies that may otherwise be available to any Indemnified Person at law or in equity.

8. Termination. This Agreement may be terminated in the absolute discretion of the Representative, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date (i) trading generally shall have been suspended or materially limited on the New York Stock Exchange or the over-the-counter market; (ii) trading of any securities issued or guaranteed by the Company or any of the Guarantors shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Representative, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

9. Defaulting Initial Purchaser.

(a) If, on the Closing Date, any Initial Purchaser defaults on its obligation to purchase the Securities that it has agreed to purchase hereunder, the non-defaulting

Initial Purchasers may in their discretion arrange for the purchase of such Securities by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Initial Purchaser, the non-defaulting Initial Purchasers do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Initial Purchasers to purchase such Securities on such terms. If other persons become obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non -defaulting Initial Purchasers or the Company may postpone the Closing Date for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Time of Sale Information, the Offering Memorandum or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Time of Sale Information or the Offering Memorandum that effects any such changes. As used in this Agreement, the term "Initial Purchaser" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 9, purchases Securities that a defaulting Initial Purchaser agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Initial Purchaser to purchase the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder plus such Initial Purchaser's pro rata share (based on the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder) of the Securities of such defaulting Initial Purchaser or Initial Purchasers for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers. Any termination of this Agreement pursuant to this Section 9 shall be without liability on the part of the Company or the Guarantors, except that the Company and each of the Guarantors will continue to be liable for the payment of expenses as set forth in Section 10 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company, the Guarantors or any non-defaulting Initial Purchaser for damages caused by its default.

10. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company and each of the Guarantors jointly and severally agree to pay or cause to be paid all costs and expenses actually incurred and incident to the performance of their respective obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (ii) the costs incident to the preparation and printing of the Preliminary Offering Memorandum, any other Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation and the Offering Memorandum (including any amendment or supplement thereto) and the distribution thereof; (iii) the costs of reproducing and distributing each of the Transaction Documents; (iv) the fees and expenses of the Company's and the Guarantors' counsel and independent accountants; (v) the reasonable fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the state or foreign securities or blue sky laws of such jurisdictions as the Representative may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related reasonable fees and expenses of counsel for the Initial Purchasers); (vi) any fees charged by rating agencies for rating the Securities; (vii) the fees and expenses of the Trustee and any paying agent (including related fees and expenses of any counsel to such parties); (viii) all expenses and application fees incurred in connection with the approval of the Securities for book-entry transfer by DTC; and (ix) all expenses incurred by the Company in connection with any "road show" presentation to potential investors (provided that the cost of any aircraft chartered for the road show shall be borne 50% by the Initial Purchasers). It is understood, however, that except as provided in this Section 10(a), the Initial Purchasers will pay all of their costs and expenses, including fees and disbursements of their counsel, any advertising expenses connected with any offers they may make and 50% of the cost of any aircraft chartered for the road show.

(b) If (i) this Agreement is terminated pursuant to clause (ii) of Section 8, (ii) the Company for any reason (other than as a result of clause (i), (iii) or (iv) of Section 8 or Section 9) fails to tender the Securities for delivery to the Initial Purchasers or (iii) the Initial Purchasers decline to purchase the Securities for any reason permitted under this Agreement, the Company and each of the Guarantors jointly and severally agree to reimburse the Initial Purchasers for all documented out-of-pocket costs and expenses (including the fees and expenses of their counsel) reasonably incurred by the Initial Purchasers in connection with this Agreement and the offering contemplated hereby.

11. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and officers and directors and any controlling persons referred to herein, and the affiliates of each Initial Purchaser referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Securities from any Initial Purchaser shall be deemed to be a successor merely by reason of such purchase.

12. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company, the Guarantors and the Initial Purchasers contained in this Agreement or made by or on behalf of the Company, the Guarantors or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company, the Guarantors or the Initial Purchasers.

13. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act; (b) the term "business day" means any day other than a day on which banks are permitted or required to be closed in New York City; (c) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act; (d) the term "written communication" has the meaning set forth in Rule 405 under the Securities Act and (e) the term "significant subsidiary" has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act.

14. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Initial Purchasers are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Initial Purchasers to properly identify their respective clients.

15. Miscellaneous.

(a) *Authority of the Representative*. Any action by the Initial Purchasers hereunder may be taken by J.P. Morgan Securities LLC on behalf of the Initial Purchasers, and any such action taken by J.P. Morgan Securities LLC shall be binding upon the Initial Purchasers.

(b) *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Initial Purchasers shall be given to the Representative c/o J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: 212-270-1063); Attention: Jack Smith. Notices to the Company and the Guarantors shall be given to it at Forum Energy Technologies, Inc., 920 Memorial City Way, Suite 800, Houston, Texas 77024 (fax: (281) 949-2555); Attention: James L. McCulloch.

(c) *Governing Law*. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(d) *Submission to Jurisdiction*. The Company and each of the Guarantors hereby submit to the exclusive jurisdiction of the U.S. federal and New York state courts

in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company and each of the Guarantors waive any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. Each of the Company and each of the Guarantors agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Company and each Guarantor, as applicable, and may be enforced in any court to the jurisdiction of which Company and each Guarantor, as applicable, is subject by a suit upon such judgment.

(e) *Waiver of Jury Trial.* Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

(f) *Counterparts.* This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(g) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(h) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

ISSUER:

FORUM ENERGY TECHNOLOGIES, INC.

By: /s/ James W. Harris

Name: James W. Harris

Title: Senior Vice President and
Chief Financial Officer

GUARANTORS:

FET HOLDINGS, LLC
FORUM ENERGY SERVICES, INC.
SYNTECH TECHNOLOGY, INCORPORATED
WIRELINE SOLUTIONS, L.L.C.

By: /s/ James W. Harris

Name: James W. Harris

Title: President

BLOHM+VOSS OIL TOOLS HOLDING, INC.
BLOHM+VOSS OIL TOOLS, LLC
DYNACON, INC.
FORUM GLOBAL TUBING LLC
FORUM US, INC.
FORUM INTERNATIONAL HOLDINGS, INC.
MERRIMAC MANUFACTURING, INC.
SUBSEA SERVICES INTERNATIONAL, INC.
TGH (US) INC.

By: /s/ James W. Harris

Name: James W. Harris

Title: President

[Signature Page to Purchase Agreement]

FORUM GLOBAL TUBING LP

By: FORUM US, INC.,
its general partner

By: /s/ James W. Harris
Name: James W. Harris
Title: President

GLOBAL FLOW TECHNOLOGIES, INC.
Z EXPLORATIONS, INC.
Z RESOURCES, INC.
ZY-TECH GLOBAL INDUSTRIES, INC.

By: /s/ Douglas Smith
Name: Douglas Smith
Title: President

[Signature Page to Purchase Agreement]

Accepted as of the date first written above.

J.P. MORGAN SECURITIES LLC

For itself and on behalf of the
several Initial Purchasers listed
in Schedule 1 hereto.

By: /s/ Brian A. Tramontozzi
Name: Brian A. Tramontozzi
Title: Managing Director

[Signature Page to Purchase Agreement]

<u>Initial Purchaser</u>	Principal Amount
J.P. Morgan Securities LLC	\$ 75,000,000
Wells Fargo Securities, LLC	54,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	48,000,000
Citigroup Global Markets Inc.	48,000,000
Deutsche Bank Securities Inc.	48,000,000
HSBC Securities (USA) Inc.	18,000,000
Comerica Securities, Inc.	9,000,000
Total	\$ 300,000,000

Guarantors

<u>Entity</u>	<u>Jurisdiction of Formation</u>	<u>Foreign Qualifications</u>
Blohm+Voss Oil Tools Holding, Inc.	Delaware	TX
Blohm+Voss Oil Tools, LLC	Delaware	TX
Dynacon, Inc.	Texas	—
FET Holdings, LLC	Delaware	—
Forum Energy Services, Inc.	Delaware	AL, AR, CA, CO, FL, KS, GA, LA, NJ, OK, PA, TX, WV, WA, WY
Forum Global Tubing LP	Delaware	—
Forum Global Tubing LLC	Delaware	—
Merrimac Manufacturing, Inc.	Texas	AR, LA, MS, ND, NM
Syntech Technology, Incorporated	Virginia	—
Wireline Solutions, L.L.C.	Texas	—
Forum US, Inc.	Delaware	AL, AR, CA, CO, FL, KS, GA, IL, LA, MS, ND, NJ, OK, PA, TX, UT, WV, WA, WY
Forum International Holdings, Inc.	Delaware	—
Subsea Services International, Inc.	Delaware	AL, LA, TX
TGH (US) Inc.	Delaware	FL, TX
Global Flow Technologies, Inc.	Delaware	IL, TX
Z Explorations, Inc.	Delaware	—
Z Resources, Inc.	Delaware	—
Zy-Tech Global Industries, Inc.	Delaware	CA, CO, GA, KS, LA, NJ, OK, TX, WA

Subsidiaries

ABZ Peru	Peru
AMC Engineering Ltd.	United Kingdom
BVR GmbH	Germany
Blohm + Voss Oil Tools GmbH	Germany
Blohm + Voss Oil Tools Holding Inc.	Delaware
Blohm + Voss Oil Tools LLC	Delaware
Dynacon, Inc.	Texas
FET Global Finance Limited	Ireland
FET Global Holdings Limited	United Kingdom
Forum Global Tubing LLC	Delaware
Forum Global Tubing LP	Delaware
FET Holdings LLC	Delaware
Forum Australia Pty. Ltd.	Australia
Forum B+V Oil Tools GmbH	Germany
Forum Canada ULC	Canada
Forum Energia, Tecnologia, Equipamentos, e Servicos Ltda.	Brazil
Forum Energy Asia Pacific Pte. Ltd.	Singapore
Forum Energy Services, Inc.	Delaware
Forum Energy Solutions de Mexico	Mexico
Forum Energy Technologies (UK) Limited	United Kingdom
Forum International Holdings, Inc.	Delaware
Forum Luxembourg Limited S.a.r.l.	Luxembourg
Forum Middle East Limited	British Virgin Islands
Forum Oilfield Solutions de Mexico	Mexico
Forum Oilfield Technologies De Mexico S de RL	Mexico
Forum US, Inc.	Delaware
Global Flow Technologies, Inc.	Delaware
Merrimac Manufacturing, Inc.	Texas
Moffat 2000 Limited	United Kingdom
Oilfield Bearing International Limited	United Kingdom
Perry Slingsby Systems Ltd.	United Kingdom
Pro-Tech Valve Sales	Canada
PT Subsea Services Indonesia	Indonesia
Subsea Services International, Inc.	Delaware
Syntech Technology, Incorporated	Virginia

TGH (AP) Pte. Ltd.	Singapore
TGH (US) Inc.	Delaware
Tube Tec (Tubular Protection Services) Limited	United Kingdom
UK Project Support Ltd.	United Kingdom
Wireline Solutions, L.L.C.	Texas
Z Resources, Inc.	Texas
Z Explorations, Inc.	Texas
Zy-Tech de Venezuela S.A.	Venezuela
Zy-Tech Global Industries, Inc.	Delaware
Zy-Tech Valvestock Africa (PTY) Ltd.	South Africa

a. Additional Time of Sale Information

1. Term sheet containing the terms of the Securities, substantially in the form of Annex B.

b. Permitted General Solicitation

1. Press release issued on September 23, 2013.
 2. Press release issued on September 27, 2013.
-

**Pricing Term Sheet, dated September 27, 2013
to Preliminary Offering Memorandum dated September 23, 2013
Strictly Confidential**

Forum Energy Technologies, Inc.

This pricing term sheet is qualified in its entirety by reference to the Preliminary Offering Memorandum (the "Preliminary Offering Memorandum"). The information in this pricing term sheet supplements the Preliminary Offering Memorandum and updates and supersedes the information in the Preliminary Offering Memorandum to the extent it is inconsistent with the information in the Preliminary Offering Memorandum. Terms used and not defined herein have the meanings assigned in the Preliminary Offering Memorandum.

The notes have not been registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. The notes may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered only to (1) "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (2) outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act.

Issuer:	Forum Energy Technologies, Inc.	
Security description:	6.250% Senior Notes due 2021	
Distribution:	144A and Regulation S with registration rights as set forth in the Preliminary Offering Memorandum	
Size:	\$300,000,000	
Gross proceeds:	\$300,000,000	
Maturity:	October 1, 2021	
Coupon:	6.250%	
Issue price:	100.000% of face amount	
Yield to maturity:	6.250%	
Spread to Treasury:	401 bps	
Benchmark:	UST 2.125% due August 15, 2021	
Interest Payment Dates:	April 1 and October 1, commencing April 1, 2014	
Equity clawback:	Up to 35% at 106.250% prior to October 1, 2016	
Optional redemption:	Make-whole call @ T+ 50 bps prior to October 1, 2016 then:	
	On or after:	Price:
	October 1, 2016	104.688%
	October 1, 2017	103.125%
	October 1, 2018	101.563%
	October 1, 2019 and thereafter	100.000%
Change of control (with ratings decline):	Putable at 101% of principal plus accrued interest	
Trade date:	September 27, 2013	
Settlement:	T+3; October 2, 2013	
CUSIP and ISIN (144A Notes):	CUSIP: 34984V AA8 ISIN: US34984VAA89	
CUSIP and ISIN (Reg S Notes):	CUSIP: U02634 AA8 ISIN: USU02634AA84	
Denominations/Multiple:	2,000 x 1,000	
Bookrunners:	J.P. Morgan Securities LLC Wells Fargo Securities, LLC Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Deutsche Bank Securities Inc.	
Co-Managers:	HSBC Securities (USA) Inc. Comerica Securities, Inc.	

This material is confidential and is for your information only and is not intended to be used by anyone other than you. This information does not purport to be a complete description of these notes or the offering. Please refer to the Preliminary Offering Memorandum for a complete description.

This communication is being distributed in the United States solely to Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act of 1933, as amended, and outside the United States solely to Non-U.S. persons as defined under Regulation S.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Any disclaimer or other notice that may appear below is not applicable to this communication and should be disregarded. Such disclaimer or notice was automatically generated as a result of this communication being sent by Bloomberg or another email system.

Restrictions on Offers and Sales Outside the United States

In connection with offers and sales of Securities outside the United States:

(a) Each Initial Purchaser acknowledges that the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

(b) Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that:

(i) Such Initial Purchaser has offered and sold the Securities, and will offer and sell the Securities, (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering of the Securities and the Closing Date, only in accordance with Regulation S under the Securities Act ("Regulation S") or Rule 144A or any other available exemption from registration under the Securities Act.

(ii) None of such Initial Purchaser or any of its affiliates or any other person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and all such persons have complied and will comply with the offering restrictions requirement of Regulation S.

(iii) At or prior to the confirmation of sale of any Securities sold in reliance on Regulation S, such Initial Purchaser will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Securities and the date of original issuance of the Securities, except in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act. Terms used above have the meanings given to them by Regulation S."

(iv) Such Initial Purchaser has not and will not enter into any contractual arrangement with any distributor with respect to the distribution of the

Securities, except with its affiliates or with the prior written consent of the Company.

Terms used in paragraph (a) and this paragraph (b) and not otherwise defined in this Agreement have the meanings given to them by Regulation S.

(c) Each Initial Purchaser acknowledges that no action has been or will be taken by the Company that would permit a public offering of the Securities, or possession or distribution of any of the Time of Sale Information, the Offering Memorandum, any Issuer Written Communication or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

(d) Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that it:

(i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Guarantors; and

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

AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into effective as of August 1, 2013 (the "Effective Date"), by and between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and Charles E. Jones ("Executive").

RECITALS

WHEREAS, the Company and Executive are party to that certain Employment Agreement dated as of October 31, 2010 (the "Employment Agreement"); and

WHEREAS, Executive served in an integral role in the Company's successful business combination consummated in 2010; and

WHEREAS, Executive has expressed his desire to resign from officer positions and separate from employment with the Company and its affiliates and subsidiaries under certain terms herein set forth, and the Company desires to retain Executive's services on a non-exclusive consulting basis through the end of 2013; and

WHEREAS, in consideration of the mutual promises contained herein, Executive voluntarily enters into this Agreement upon the terms and conditions herein set forth; and

WHEREAS, in consideration of the mutual promises contained herein, the Company is willing to enter into this Agreement upon the terms and conditions herein set forth.

AGREEMENT

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants and agreements hereinafter set forth, the Company and Executive agree to the following terms and conditions:

1. Resignation from Officer and Director Positions. Effective as of August 1, 2013 (the "Resignation Date"), Executive hereby resigns as Executive Vice President of the Company and any and all director and other officer (or equivalent) positions he holds with the Company and its subsidiaries and affiliates. Executive agrees to take any and all further acts necessary to accomplish these resignations.

2. Advisory Service Period. During the period beginning on the Resignation Date and ending on the Separation Date (as defined below) (the "Advisory Service Period"), Executive will remain an employee of the Company and will perform such duties as requested by the Company, including, without limitation, advice and consulting regarding transition issues. Except as provided herein, Executive's compensation and benefits during the Advisory Service Period shall be on the same terms and conditions (including base salary) in effect on the Effective Date.

3. Separation from Employment; Benefits.

(a) Separation from Employment. Executive hereby resigns his active employment with the Company and all of its subsidiaries and affiliates effective December 31, 2013 (the "Separation Date").

(b) Benefits. Executive shall be entitled to any benefits accrued through the Separation Date under any of the Company's employee benefit plans, programs or arrangements which amount shall be payable in accordance with the terms and conditions of such employee benefits plans, programs or arrangements; provided, however, that the terms of Section 4 hereof shall apply for purposes of the Option and Restricted Stock (as defined below), and Executive acknowledges that he shall only be entitled to an annual cash bonus prorated through the Resignation Date under the Company's Management Incentive Plan for calendar year 2013, which shall be determined and paid in accordance with the terms of such plan.

(c) No Other Severance Benefits. Except as specified in this Agreement, Executive shall not be entitled to any severance payments or benefits under any other plan or arrangement of the Company.

4. Equity Awards. Subject to Executive's continued service in accordance with the terms and provisions of this Agreement and Executive's continued compliance with the terms and provisions hereof, Executive shall be entitled to the following benefits.

(a) Nonstatutory Stock Options. Executive is the recipient of a Nonstatutory Stock Option Agreement with respect to the Company's common stock dated August 2, 2010 (the "Option"). Notwithstanding any terms of the Option to the contrary, the Option will vest and become exercisable in full, without regard to Executive's separation from employment, as if Executive had remained employed through the next scheduled vesting date of the Option on August 2, 2014, and the Option shall remain exercisable until expiration on October 31, 2014. All vested but unexercised nonqualified stock options with respect to the Company's common stock held by Executive as of the Separation Date, excluding the Option, shall remain exercisable until the first to occur of (i) the expiration date of such option in accordance with its terms or (ii) October 31, 2014. All other awards of stock options with respect to the Company's common stock shall be forfeited as of the Separation Date in accordance with the terms of the relevant award agreements to the extent such options are unvested as of such date, and shall expire in accordance with their terms.

(b) Restricted Stock. Executive is the recipient of a Restricted Stock Agreement with respect to the Company's common stock dated November 1, 2010 (the "Restricted Stock Award"). Notwithstanding any terms of the Restricted Stock Award to the contrary, the Restricted Stock shall become 100% fully vested as of the Separation Date. All other awards of restricted stock, restricted stock units or performance share awards of, or relating to, the Company's common stock shall be forfeited as of the Separation Date in accordance with the terms of the relevant award agreements to the extent such awards are unvested as of such date.

(c) Outstanding Awards. Subject to Executive's continued compliance with the terms and conditions of this Agreement, *Exhibit A* attached hereto reflects the material terms, as modified by this Agreement, of the Option and the Restricted Stock Award.

5. Post-Employment Release. Executive acknowledges that this Agreement provides Executive with additional rights and privileges to which Executive would not otherwise be entitled, and, in exchange for the same, Executive agrees take action to timely execute of a full and complete release of claims against the Company, its affiliates, officers and directors ("Release") on or after the Separation Date. The Company shall deliver the Release to Executive within five days after the Separation Date. A sample form of Release is attached as *Exhibit B*. Executive acknowledges that the Company retains the right to modify the required form of the Release as the Company deems necessary in order to effectuate a full and complete release of claims against the Company, its affiliates, officers and directors, while preserving the exclusions to the Release set forth in Section 7(iii) hereof. Notwithstanding any provision herein to the contrary, if Executive has not delivered to the Company an executed and irrevocable Release on or before the fiftieth (50th) day after the Separation Date, the Company shall have no further obligations to Executive pursuant to this Agreement.

6. Restrictive Covenants. Executive reaffirms and agrees to the restrictive covenants contained in this Section 6 and acknowledges and agrees that this Agreement provides Executive with additional rights and privileges to which Executive would not otherwise be entitled in consideration for Executive's compliance with such restrictive covenants.

(a) Nondisclosure. Executive reaffirms the agreement originally set forth in the Employment Agreement regarding nondisclosure of confidential information or work product and return of property of the Company, in accordance with the terms of Article V of the Employment Agreement.

(b) Statements Concerning the Company. Executive reaffirms the agreement originally set forth in the Employment Agreement regarding non-disparagement of the Company and its agents and affiliates in accordance with the terms of Article VI of the Employment Agreement.

(c) Non-Competition. The non-competition provisions and covenants set forth in Article VIII of the Employment Agreement are hereby waived by the Company and, as of the Separation Date, shall be null and void.

(d) Non-Solicitation. Executive reaffirms the agreement originally set forth in the Employment Agreement regarding the non-solicitation provisions of Article VIII of the Employment Agreement.

7. Release of Claims by Executive. In exchange for the consideration offered to Executive under this Agreement, which Executive acknowledges provides consideration to which Executive would not otherwise have an undisputed right to receive, Executive, on his behalf and on behalf of his heirs, devisees, legatees, executors, administrators, personal and legal representatives, assigns and successors in interest, hereby IRREVOCABLY,

UNCONDITIONALLY AND GENERALLY RELEASES, ACQUITS, AND FOREVER DISCHARGES, to the fullest extent permitted by law, the Company, its subsidiaries and each of their directors, officers, employees, representatives, stockholders, predecessors, successors, assigns, agents, attorneys, divisions, subsidiaries and affiliates (and agents, directors, officers, employees, representatives and attorneys of such stockholders, predecessors, successors, assigns, divisions, subsidiaries and affiliates), and all persons acting by, through, under or in concert with any of them (collectively, the “Releasees” and each a “Releasee”), or any of them, from any and all charges, complaints, claims, damages, actions, causes of action, suits, rights, demands, grievances, costs, losses, debts, and expenses (including attorneys’ fees and costs incurred), of any nature whatsoever, known or unknown, that Executive now has, owns, or holds, or claims to have, own, or hold, or which Executive at any time heretofore had, owned, or held, or claimed to have, own, or hold from the beginning of time to the date that Executive signs this Agreement, including, but not limited to, those claims arising out of or relating to (i) any agreement, commitment, contract, mortgage, deed of trust, bond, indenture, lease, license, note, franchise, certificate, option, warrant, right or other instrument, document, obligation or arrangement, whether written or oral, or any other relationship, involving Executive and/or any Releasee, (ii) breach of any express or implied contract, breach of implied covenant of good faith and fair dealing, misrepresentation, interference with contractual or business relations, personal injury, slander, libel, assault, battery, negligence, negligent or intentional infliction of emotional distress or mental suffering, false imprisonment, wrongful termination, wrongful demotion, wrongful failure to promote, wrongful deprivation of a career opportunity, discrimination (including disparate treatment and disparate impact), hostile work environment, sexual harassment, retaliation, any request to submit to a drug or polygraph test, and/or whistleblowing, whether said claim(s) are brought pursuant to laws of the United States or any other jurisdiction applicable to Executive’s actions on behalf of the Company or any of its subsidiaries or affiliates, and (iii) any other matter; provided, however, that nothing contained herein shall operate to release any obligations of the Company or its successors or assigns arising under this Agreement. Notwithstanding anything in this Agreement to the contrary, it is the express intention of Executive and the Company that this Agreement shall not act as a release or waiver of (1) any rights of defense or indemnification which would be otherwise afforded to Executive under the Certificate of Incorporation, By-Laws or similar governing documents of the Company or its subsidiaries, or any indemnity agreement entered into with Executive, (2) any rights of defense or indemnification which would be otherwise afforded to Executive under any director or officer liability or other insurance policy maintained by the Company or its subsidiaries; (3) any rights of Executive to benefits accrued under any plan or arrangement referenced in Section 3(b) of this Agreement, (4) any rights under this Agreement, and (5) such rights or claims as may arise after the date of this Agreement.

8. Miscellaneous.

(a) Dispute Resolution. Executive and the Company hereby reaffirm the agreement originally set forth in the Employment Agreement regarding resolution of claims and disputes, in accordance with the terms of Article IX of the Employment Agreement (the “Arbitration Provision”) whether arising pursuant to the terms of this Agreement or otherwise. **THE PARTIES ACKNOWLEDGE THAT, BY SIGNING THIS AGREEMENT, THEY ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS THAT THEY MAY HAVE TO A JURY TRIAL OR, EXCEPT AS EXPRESSLY PROVIDED IN THE ARBITRATION PROVISION,**

A COURT TRIAL OF ANY CLAIM THAT IS SUBJECT TO THE ARBITRATION PROVISION.

(b) Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas, without regard to conflicts of laws principles thereof.

(c) Submission to Jurisdiction. Subject to the provisions of Section 8(a), with respect to any claim or dispute related to or arising under this Agreement, the parties hereto hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Harris County, Texas.

(d) Entire Agreement. Except as specifically set forth herein, this Agreement contains the entire agreement and understanding between the parties hereto and supersedes the Employment Agreement and any other prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof.

(e) Amendment. This Agreement may be amended only by a writing signed by Executive and by a duly authorized representative of the Company.

(f) Tax Withholding. The Company may withhold from any amounts or benefits payable under this Agreement all federal, state, city or other taxes that will be required pursuant to any law or governmental regulation or ruling.

(g) Assignability. The Company shall have the right to assign this Agreement and its rights hereunder, in whole or in part. Executive shall not have any right to pledge, hypothecate, anticipate, or in any way create a lien upon any amounts provided under this Agreement, and no payments or benefits due hereunder shall be assignable in anticipation of payment either by voluntary or involuntary acts or by operation of law.

(h) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(i) Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive.

(j) Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which together will constitute one document.

(k) Nonwaiver. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by an officer of the Company (other than Executive) or other person duly authorized by the Company.

(l) Notices. Any notice, request, consent or approval required or permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, with postage prepaid, to Executive's residence (as noted in the Company's records), or to the Company's principal office, as the case may be.

(m) Section 409A.

(i) Interpretation. Each payment under this Agreement is intended to be (1) exempt from Section 409A of the Internal Revenue Code of 1986, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4), or (2) compliant with Section 409A, and the provisions of this Agreement will be administered, interpreted and construed accordingly.

(ii) Separation from Service. Executive shall be considered to have terminated from employment when Executive incurs a "separation from service" with the Company within the meaning of Section 409A.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth below.

FORUM ENERGY TECHNOLOGIES, INC.

By: /s/ C. Christopher Gaut
Name: C. Christopher Gaut
Title: Chief Executive Officer

Date: August 1, 2013

EXECUTIVE

By: /s/ Charles E. Jones
Name: Charles E. Jones

Date: August 1, 2013

EXHIBIT A

MATERIAL TERMS OF OUTSTANDING EQUITY AWARDS

EXHIBIT B

RELEASE

This Release (this “**Release**”) constitutes the release referred to in that certain Agreement (the “**Agreement**”) dated as of August 1, 2013, by and between Charles E. Jones (“**Executive**”) and Forum Energy Technologies, Inc., a Delaware corporation (the “**Company**”).

1. General Release.

(a) For good and valuable consideration, including additional rights and privileges to which Executive would not otherwise be entitled, Executive hereby releases, discharges and forever acquits the Company, its affiliates and subsidiaries, the past, present and future stockholders, members, partners, directors, managers, employees, agents, attorneys, heirs, legal representatives, successors and assigns of the foregoing, as well as all employee benefit plans maintained by the Company or any of its affiliates or subsidiaries and all fiduciaries and administrators of any such plan, in their personal and representative capacities (collectively, the “**Company Parties**”), from liability for, and hereby waives, any and all claims, rights, damages, or causes of action of any kind related to Executive’s employment with any Company Party, the termination of such employment, and any other acts or omissions related to any matter on or prior to the date of this Agreement (collectively, the “**Released Claims**”).

(b) The Released Claims include without limitation those arising under or related to: (i) the Age Discrimination in Employment Act of 1967; (ii) Title VII of the Civil Rights Act of 1964; (iii) the Civil Rights Act of 1991; (iv) sections 1981 through 1988 of Title 42 of the United States Code; (v) the Employee Retirement Income Security Act of 1974, including, but not limited to, sections 502(a)(1)(A), 502(a)(1)(B), 502(a)(2), and 502(a)(3) to the extent the release of such claims is not prohibited by applicable law; (vi) the Immigration Reform Control Act; (vii) the Americans with Disabilities Act of 1990; (viii) the National Labor Relations Act; (ix) the Occupational Safety and Health Act; (x) the Family and Medical Leave Act of 1993; (xi) any state or federal anti-discrimination law; (xii) any state or federal wage and hour law; (xiii) any other local, state or federal law, regulation or ordinance; (xiv) any public policy, contract, tort, or common law; (xv) costs, fees, or other expenses including attorneys’ fees incurred in these matters; (xvi) any employment contract, incentive compensation plan or stock option plan with any Company Party or to any ownership interest in any Company Party except as expressly provided in the Agreement and any stock option or other equity compensation agreement between Executive and the Company; and (xvii) compensation or benefits of any kind not expressly set forth in the Agreement or any such stock option or other equity compensation agreement.

(c) In no event shall the Released Claims include (i) any claim which arises after the date of this Release, (ii) any rights of defense or indemnification which would be otherwise afforded to Executive under the Certificate of Incorporation, By-Laws or similar governing documents of the Company or its subsidiaries, or any indemnity agreement entered into with Executive, (iii) any rights of defense or indemnification which would be otherwise afforded to Executive under any director or officer liability or other insurance policy maintained by the Company or its subsidiaries, (iv) any rights of Executive to benefits accrued under any plan or arrangement referenced in Section 3(b) of the Agreement, or (v) any rights under the Agreement.

(d) Notwithstanding this release of liability, nothing in this Release prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission (“**EEOC**”) or comparable state or local agency or participating in any investigation or proceeding conducted by the EEOC or comparable state or local agency; however, Executive understands and agrees that Executive is waiving any and all rights to recover any monetary or personal relief or recovery as a result of such EEOC, or comparable state or local agency proceeding or subsequent legal actions.

(e) This Release is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Executive is simply agreeing that, in exchange for the consideration recited in the first sentence of Section 1(a) of this Release, any and all potential claims of this nature that Executive may have against the Company Parties, regardless of whether they actually exist, are expressly settled, compromised and waived.

(f) By signing this Release, Executive is bound by it. Anyone who succeeds to Executive’s rights and responsibilities, such as heirs or the executor of Executive’s estate, is also bound by this Release. This Release also applies to any claims brought by any person or agency or class action under which Executive may have a right or benefit. **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE COMPANY PARTIES.**

2. **Covenant Not to Sue; Executive’s Representation.** Executive agrees not to bring or join any lawsuit against any of the Company Parties in any court relating to any of the Released Claims, except to enforce any terms of the Agreement. Executive represents that Executive has not brought or joined any claim, lawsuit or arbitration against any of the Company Parties in any court or before any administrative agency or arbitral authority and has made no assignment of any rights Executive has asserted or may have against any of the Company Parties to any person or entity, in each case, with respect to any Released Claims. Executive expressly represents that, as of the date Executive executes this Release, Executive has been provided all leaves (paid and unpaid) and paid all wages and compensation owed to Executive by the Company Parties with the exception of all payments owed as a condition of Executive’s executing (and not revoking) this Release.

3. **Acknowledgments.** By executing and delivering this Release, Executive acknowledges that:

(a) Executive has carefully read this Release;

(b) Executive has had at least twenty-one (21) days to consider this Release before the execution and delivery hereof to the Company;

(c) Executive has been and hereby is advised in writing that Executive may, at Executive’s option, discuss this Release with an attorney of Executive’s choice and that Executive has had adequate opportunity to do so; and

(d) Executive fully understands the final and binding effect of this Release; the only promises made to Executive to sign this Release are those stated in the Agreement and herein; and Executive is signing this Release voluntarily and of Executive’s own free will, and that Executive understands and agrees to each of the terms of this Release.

4. **Revocation Right.** Executive may revoke this Release within the seven day period beginning on the date Executive signs this Release (such seven day period being referred to herein as the “*Release Revocation Period*”). To be effective, such revocation must be in writing signed by Executive and must be delivered to the Chief Executive Officer of the Company before 11:59 p.m., Houston, Texas time, on the last day of the Release Revocation Period. This Release is not effective, and no further consideration shall be provided to Executive, unless the expiration of the Release Revocation Period expires without Executive’s revocation. If an effective revocation is delivered in the foregoing manner and timeframe, this Release shall be of no force or effect and shall be null and void *ab initio*.

Executed on this ____ day of _____, 2014.

Charles E. Jones

STATE OF _____ §
COUNTY OF _____ §

BEFORE ME, the undersigned authority personally appeared Charles E. Jones, by me known or who produced valid identification as described below, who executed the foregoing instrument and acknowledged before me that he subscribed to such instrument on this ____ day of _____, 2014.

NOTARY PUBLIC in and for the
State of _____

My Commission Expires:

Identification produced:

Forum Energy Technologies, Inc.
Certification

I, C. Christopher Gaut, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2013

By: /s/ C. Christopher Gaut
C. Christopher Gaut
Chief Executive Officer

Forum Energy Technologies, Inc.
Certification

I, James W. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2013

By: /s/ James W. Harris
James W. Harris
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), C. Christopher Gaut, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2013

By: /s/ C. Christopher Gaut
C. Christopher Gaut
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of § 18 of the Exchange Act.

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James W. Harris, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2013

By: /s/ James W. Harris
James W. Harris
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of § 18 of the Exchange Act.

