



FELLOW FLOTEK SHAREHOLDERS:

Fellow Flotek Shareholders:

Flotek's vision in 2012 is simple yet powerful. We want to make a difference in the lives of everyone we touch.

While those are just two examples of advanced technology offerings from Flotek new for 2012, there are countless

others in all three divisions. Whether it is improved friction reducers, advanced muds or innovative solutions in the

oilfield, Flotek is committed to be a leader in research and development, as a percent

of total revenue, as much as 10% of total revenue. Flotek remains on the horizon where real in-class growth through investment in applied research, responsive to and in partnership with our clients. In short, research can make a difference for our clients, our communities, the environment and, as a result, serve to make a difference for you, our shareholders.

Flotek's advanced technology offerings are helping shape and ensure continued best-in-class growth through investment in applied research, responsive to and in partnership with our clients. In short, research can make a difference for our clients, our communities, the environment and, as a result, serve to make a difference for you, our shareholders.

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Just four short years ago, what the days were dim at Flotek, many of my colleagues could have simply given up and looked for other opportunities. Instead, they redoubled their efforts, accepted the challenges of re-engineering—a troubled company, and believed they could make a difference in the future of Flotek.

The belief and dedication of the Flotek team resulted in a company that dramatically improved its balance sheet—reducing overall indebtedness by nearly 50% from January of 2011 to January of 2012—saw revenue growth of over 76%, returned to consistent and sustainable profitability and truly made a difference for our clients and, as a result, our shareholders.

My name is Rachel Tedrow. I am a young woman, a wife, a mother, a full time Flotek employee and now a student. I was born and raised in California and moved to the state of Texas with my husband of 7 years, along with our 5 children, one of whom has autism. With as hectic and chaotic as it is in our lives, we have found our home here in Houston, Texas, which has given me this opportunity to work on my career in Business Accounting. It has improved my skills as a Flotek employee as well as a caring mother and loving wife. I hope for a bright future for all and myself and believe that "you can only get what you want out of life if you put forth the effort."



In fact, for the second consecutive year, Flotek was one of the top ten performing companies listed on the New York Stock Exchange.

We also made a difference in our communities. Whether it was our donations to worthy causes such as the Red Cross Tsunami Relief, Toys for Tots or an emerging organization that provides oilfield employment opportunities veterans returning from active duty, a key component of the Flotek culture is giving back. Moreover, our employees give countless hours and provide other resources in the more than two dozen communities in which we serve.

Flotek's people are key to our success. Not only do they make a difference in our organization which, in turn, makes a difference for all of our stakeholders, we like to believe Flotek makes a difference for them. Through this report we feature three of our team members with unique yet compelling stories. These stories have c

overriding theme: the keys to success are desire and effort. As Rachel Tedrow so eloquently states, "You can only get what you want out of life if you put forth the effort."

Through the efforts of Lakia, Rachel, Cesar and the hundreds of other Flotek employees, 2011 was a successful year for your Company:

- Flotek reported revenue for the year ended December 31, 2011 of \$258.8 million, an increase of \$111.8 million, or 76%, compared to \$147.0 million for the same period in 2010. The Company posted net income attributable to common shareholders of \$26.5 million or \$0.56 per diluted share. That compares to a net loss attributable to common shareholders of \$50.0 million, or (\$1.94) per diluted common share in 2010. 2011 results include a gain of approximately \$9.6 million in non-cash income related to the adjustment certain warrant liabilities.
- As of December 31, 2011, the Company's cash balance was \$46.7 million, compared to \$19.9 million as of December 31, 2010. Cash increased as a result of improved operating metrics, expense control and additional capital resulting from the exercise of outstanding warrants.
- During 2011 Flotek took several steps to improve its balance sheet. First, the Company repaid its \$40 million senior credit facility. Second, the Company arranged for a traditional \$35 million revolving credit facility through the Bank of America. Third, the Company completed a debt-for-equity exchange with an existing note holder. Flotek reduced the convertible note outstanding by \$15.7 million. In addition, at the conclusion of 2011 the Company announced it would repurchase the \$30 million of outstanding senior secured convertible notes. The transaction was completed in January, 2012, including the senior note repurchase in January, 2012, the Company reduced its debt by approximately 50%.

These financial achievements are the direct result of the outstanding efforts of our Flotek team members. The Company also achieved a number of operational milestones in 2011:

- In Flotek's Chemicals and Logistics business, our efforts to reach the ultimate beneficiaries of our products – exploration and production companies – resulted in increased sales and new relationships which will provide the building blocks for additional growth in 2012 and beyond. In addition, our work on custom applications of our proprietary C₆F₆ chemistry and other chemical engineering and technology solutions resulted in durable relationships and additional business opportunities.

My name is Cesar Loya
and I have been with Flotek for six years. I started off as a welder/cutting torch for almost two years and then moved up to

In the Drilling Technologies
Business, the market growth of Teledrift continued to expand with Teledrift now being the leading measurement while drilling tool in the Permian Client growth in the Eagle Mid-Continent and other

I became an operations manager and have been

also helped increase revenues and profits in 2011. Demand for Flotek's drilling motors also continues to grow as innovation has improved performance.

- In the Company's artificial lift business, opportunities to apply our patented technology to oil production helped offset anemic natural gas prices and the lack of activity in Coal Bed Methane, our traditional source of revenue. In addition, international sales of our patented Petrovalve production system helped boost revenues in the second-half of 2011.
- International sales continued to climb. Our joint venture with Basin Supply – while still in the early stages – has presented opportunities in the Middle East, South America and Russia. While we remain deliberate in executing our international strategy, we believe significant growth is ahead in 2012 and beyond.

In short, 2011 was a year full of opportunities for Flotek. And, through the commitment and dedication of our people, we were able to seize those opportunities resulting in the best year for the Company in recent history.

However, as we strive to make a difference, we can't just look back, we must also look forward and strive to improve each and every day. We are committed to just that: to dream big, execute with a sense of purpose and perfection and continually evaluate our efforts on every front – embracing our successes and learning from our missteps.

We can't promise perfection but we can strive for it, and I pledge to you we will do so each and every day in everything we do. We realize that our success in 2011 only raises expectations for 2012 which will challenge the Flotek team to constantly improve. We cannot afford to be satisfied with where we have been but, rather, Flotek must create a compelling vision for a successful future.

Leadership is about creating and communicating a vision and creating a passion within your team to dream and achieve. In doing so, you transform work into mission and achievement into celebration. In short, you make a difference in the lives of each and every member of your team. And, in turn, they make a difference in the lives of those they touch – their clients, their communities and each other.

At Flotek, I pledge to you, our shareholders, that everything we do will be based on our belief that it is in the best interests of our stakeholders. First and foremost, we will work tirelessly to add value and continue to earn your trust. In short, we will make a difference.

Thank you for your continued interest in and support of Flotek.

With Appreciation,



John W. Chisholm

Chairman, President and Chief Executive Officer

Corporate Directory

Board of Directors

John W. Chisholm
Chairman of the Board, Chief Executive Officer, and President

John S. Reiland
Director
Chairman, Audit Committee
Member, Compensation Committee
Member, Governance & Nominating Committee

Kenneth T. Hern
Lead Independent Director
Chairman, Governance & Nominating Committee
Member, Compensation Committee
Member, Audit Committee

Richard O. Wilson
Director
Member, Compensation Committee
Member, Governance & Nominating Committee
Member, Audit Committee

L.V. "Bud" McGuire
Director

Member, Compensation Committee
Member, Governance & Nominating Committee

L. Melvin Cooper
Director
Member, Compensation Committee
Member, Audit Committee
Member, Governance & Nominating Committee

Executive Officers

John W. Chisholm
Chairman and President

Steve Reeves

Executive Vice President, Operations

Jerry Neyman
Executive Vice President, Finance

Johna Kolenge
Vice President and Chief Accounting Officer

Steele Neslony
Vice President and Treasurer

Kevin Fisher
Executive Vice President, Global Business Development

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Shareholder Information

Annual Meeting

May 18, 2012 – 1:00pm CDT
Flotek Industries, Inc. Headquarters
2930 W. Sam Houston Pkwy. N.
Suite 300
Houston, TX 77043

Stock Exchange Listing

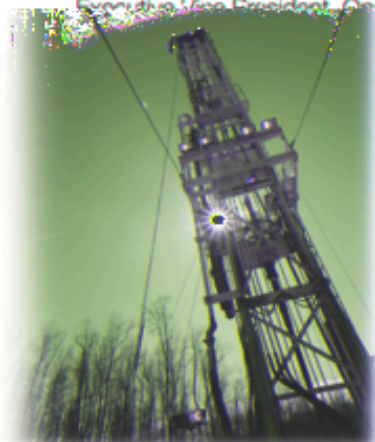
The Company's common stock trades on the New York Stock Exchange, under the symbol "FTK."

Transfer Agent

American Stock Transfer & Trust Company
6201 15th Ave.
Brooklyn, New York 11219
800-937-5449

Auditors

Hen and Associates, LLP
500 Dallas St Suite 2900
Houston, TX 77002
713-650-9814



Flotek Industries, Inc.
2930 W. Sam Houston Pkwy. N.
Suite 300
Houston, TX 77043



Environment . Community . Shareholders . Employees . Clients .

