

FLOW INTERNATIONAL CORP

Form S-4/A

January 08, 2009

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As filed with the Securities and Exchange Commission on January 8, 2009

Registration No. 333-155588

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Amendment No. 1 to**

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

FLOW INTERNATIONAL CORPORATION
(Exact name of Registrant as specified in its charter)

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

3569
*(Primary Standard Industrial
Classification Code Number)*

91-1104842
*(I.R.S. Employer
Identification Number)*

**23500 64th Avenue South
Kent, WA 98032
(253) 850-3500**

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

**Flow International Corporation
23500 64th Avenue South
Kent, WA 98032
(253) 850-3500**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Robert Jaffe
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
(206) 623-7580**

**Robert J. Diercks
Foster Pepper PLLC
1111 Third Ave., Suite 3400
Seattle, WA 98126
(206) 447-8924**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock \$0.01 par value(1)	N/A(2)	\$8.97(3)	\$56,000,000(4)	\$2,200.80(5)(6)
Contingent Value Rights(7)	N/A	N/A	N/A	N/A

- (1) This registration statement relates to common stock, par value \$0.01 per share, of the registrant issuable to holders of common stock, par value \$0.01 per share, of OMAX Corporation (OMAX) in the proposed merger of OMAX with a wholly-owned subsidiary of the registrant.
- (2) The amount to be registered of Flow common stock which may be issuable to holders of OMAX common stock and options in connection with the proposed transaction described in this registration statement has been omitted pursuant to Rule 457(o).
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended, equal to the product obtained by dividing \$56,000,000, which is the proposed maximum aggregate offering price for the OMAX shares, by 6,240,478, which is the maximum number of OMAX shares (including shares issuable upon the exercise of all outstanding options) to be exchanged and cancelled in connection with the merger described herein.
- (4) The proposed maximum aggregate offering price is based on the sum of (i) \$4,000,000, which is the total value of the Flow common stock to be issued at the effective date of the merger, and (ii) \$52,000,000, which is the maximum value of Flow common stock which may be issued pursuant to contingent value rights and paid on the third anniversary of the closing date of the merger (or earlier if a permitted interim election is made, as more fully described herein) based on the average closing share price of Flow common stock for the six-month period ending two business days prior to the third anniversary of the closing date of the merger.
- (5) Based on the currently applicable registration fee of \$39.30 per \$1,000,000 of securities registered.

(6) Previously paid.

(7) Each share of OMAX common stock will receive the right to additional cash or Flow common stock, contingent upon Flow common stock trading at an average share price of at least \$7.00 for the six months ending thirty-six months after the closing (or earlier, if an interim election is made by the holder as permitted). The contingent consideration ranges on a straight-line basis from a value of \$5,000,000 if the average share price is equal to \$7.00, to a maximum of \$52,000,000 if the average share price is \$14.00 or more, all as more fully described in the merger agreement as amended.

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

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The information in this proxy statement/prospectus is not complete and may be changed. Flow may not sell these securities until the registration statement filed with the securities and exchange commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 8, 2009

MERGER PROPOSAL YOUR VOTE IS IMPORTANT

To OMAX Shareholders:

The boards of directors of Flow International Corporation and OMAX Corporation have each unanimously approved Flow's acquisition of OMAX pursuant to the Agreement and Plan of Merger, dated September 9, 2008, by and among Flow, OMAX, Orange Acquisition Corporation, a wholly-owned subsidiary of Flow, certain shareholders of OMAX, and John B. Cheung, Inc. as Shareholders' Representative through a merger transaction, as amended by the First Amendment to Agreement and Plan of Merger, dated November 10, 2008.

If the merger agreement and its amendment are approved and the merger is subsequently completed, each share of OMAX common stock outstanding immediately prior to the effective time of the merger, other than dissenting shares, will be canceled and automatically converted into the right to receive a per share portion of the merger consideration, which is comprised of cash, Flow common stock, par value \$0.01 per share, and additional cash and/or shares of Flow common stock on a contingent basis, as discussed below. Options to purchase shares of OMAX common stock will become vested and will exercise with the consent of the optionholder, and will be exchanged for the right to receive the merger consideration discussed below, reduced by any applicable payroll, income tax, or other withholding taxes, loans, etc.

The total amount of cash to be paid by Flow at closing is approximately \$71,000,000, subject to adjustments (which adjustments include an employee retention pool of approximately \$3,300,000, legal counsel fees of \$7,000,000, transaction expenses, and other adjustments) and an escrow, and including a promissory note as described below. The total number of shares to be issued by Flow at closing will reflect a market value of \$4,000,000.

At the third anniversary of the closing of the merger, each share of OMAX common stock may be entitled to receive additional cash or Flow common stock as more fully described in the merger agreement as amended, contingent upon Flow common stock trading at an average share price of at least \$7.00 for the six months ending thirty-six months after the closing. This additional consideration is referred to as the contingent consideration, and ranges on a straight-line basis from \$5,000,000 if the average share price is equal to \$7.00, to a maximum of \$52,000,000 if the average share price is \$14.00 or more. If Flow chooses to distribute Flow common stock in lieu of cash as contingent consideration, the number of shares distributed will be based on the average share price described above, or, if an interim election is made as described below, on the basis of the interim average share price.

OMAX shareholders may, under certain circumstances, make an election on an interim basis with respect to the contingent consideration. If, between the last day of the sixth full month after the closing and the last day of the thirty-fifth full month after the closing, the average daily closing share price of Flow common stock for the trailing six-month period quoted on the NASDAQ Global Market is equal to or greater than \$7.00, former OMAX shareholders may make a one-time election to receive contingent consideration on the basis of the interim average share price instead of the average share price calculated on the thirty-sixth month after closing, all as more fully

described in the merger agreement as amended.

As of January 2, 2009, there were 4,741,128 shares and options for 1,499,350 shares of OMAX common stock outstanding, which would result in a per share cash consideration of approximately \$[] and a per share stock consideration of approximately [] shares of Flow common stock based on the share price of Flow common stock as of [], 2009, not including the contingent consideration.

Flow common stock is traded on the NASDAQ Global Market under the symbol FLOW. On [], 2009, the closing sale price of a share of Flow common stock was \$[].

The merger cannot be completed unless OMAX shareholders approve the adoption of the merger agreement as amended at its special meeting of shareholders. More detailed information about Flow, OMAX and the proposed merger is contained in this proxy statement/prospectus. **We encourage you to carefully read this proxy statement/prospectus before voting, including the section entitled Risk Factors beginning on page 17.**

The OMAX board of directors unanimously recommends that OMAX shareholders vote FOR the adoption of the merger agreement as amended.

The date, time and place of the special meeting of shareholders are as follows:

[], 2009
8:00 a.m. Pacific Standard Time (PST)
21409 72nd Avenue South
Kent, Washington 98032

Your vote is very important. Whether or not you plan to attend OMAX's special meeting of shareholders, please take the time to vote by completing and mailing the enclosed proxy card.

Sincerely,

Dr. John B. Cheung
Chairman
OMAX Corporation

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION OR THE SECURITIES OF FLOW TO BE ISSUED PURSUANT TO THE MERGER, OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus is dated [], 2009, and is first being mailed to OMAX shareholders on or about [], 2009.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Flow International Corporation and OMAX Corporation that is not included in or delivered with this proxy statement/prospectus. With respect to Flow, certain important business and financial information about Flow has been filed with the Securities and Exchange Commission, which we refer to as the SEC, but has not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 114 of this proxy statement/prospectus.

Flow will provide you with copies of information relating to Flow, without charge, upon written or oral request to:

FLOW INTERNATIONAL CORPORATION

23500 64th Avenue South
Kent, WA 98032
Attention: Investor Relations
Telephone: (253) 850-3500

TO OBTAIN TIMELY DELIVERY, YOU MUST REQUEST THE INFORMATION NO LATER THAN FIVE BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SUBMIT YOUR PROXY OR ATTEND THE MEETING. PLEASE REQUEST DOCUMENTS FROM FLOW NO LATER THAN [], 2009. UPON REQUEST, FLOW WILL MAIL ANY DOCUMENTS TO YOU BY FIRST CLASS MAIL BY THE NEXT BUSINESS DAY.

In addition, you may obtain information about Flow from Flow's website, <http://www.flowcorp.com>, or by sending an email to info@flowcorp.com. Information contained on Flow's website does not constitute part of this proxy statement/prospectus.

OMAX will provide you with copies of information relating to OMAX, without charge, upon written or oral request to:

OMAX CORPORATION

21409 72nd Avenue South
Kent, WA 98032
Attention: Investor Relations
Telephone: (253) 872-2300

TO OBTAIN TIMELY DELIVERY, YOU MUST REQUEST THE INFORMATION NO LATER THAN FIVE BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SUBMIT YOUR PROXY OR ATTEND THE MEETING. PLEASE REQUEST DOCUMENTS FROM OMAX NO LATER THAN [], 2009. UPON REQUEST, OMAX WILL MAIL ANY DOCUMENTS TO YOU BY FIRST CLASS MAIL BY THE NEXT BUSINESS DAY.

In addition, you may obtain information about OMAX from OMAX's website, <http://www.omax.com>, or by sending an email to omax@omax.com. Information contained on OMAX's website does not constitute part of this proxy statement/prospectus.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus in deciding how to vote on each of the proposals. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [], 2009. You should not assume that the information contained in, or incorporated by reference into, this proxy statement/prospectus is accurate as of any date other than that date.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/prospectus regarding Flow and Orange Acquisition Corporation has been provided by Flow and Orange Acquisition Corporation and information contained in this proxy statement/prospectus regarding OMAX has been provided by OMAX.

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OMAX CORPORATION
21409 72nd Avenue South
Kent, WA 98032
(253) 872-2300

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held [], 2009

Dear Shareholders of OMAX Corporation:

You are cordially invited to a special meeting of shareholders of OMAX Corporation at its headquarters located at 21409 72nd Avenue South, Kent, WA 98032, on [], 2009, at 8:00 a.m. Pacific Standard Time (PST). Only shareholders of record who hold shares of OMAX Corporation common stock at the close of business on [], 2009, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

At the special meeting, you will be asked to consider and vote upon and approve the following proposals:

1. Adoption of the Agreement and Plan of Merger, dated as of September 9, 2008, by and among Flow International Corporation, Orange Acquisition Corporation, a wholly-owned subsidiary of Flow International Corporation, and OMAX Corporation, as amended by the First Amendment to Agreement and Plan of Merger, dated as of November 10, 2008.
2. Adjournment or postponement of the Special Meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the adoption of the merger agreement as amended, which we refer to as the adjournment proposal.

No other business will be conducted at the special meeting. These proposals are described more fully in this proxy statement/prospectus. Please give your careful attention to all of the information included in, or incorporated by reference into, this proxy statement/prospectus.

OMAX Corporation's board of directors has unanimously approved the adoption of the merger agreement as amended, and recommends that OMAX shareholders vote FOR adoption of the merger agreement as amended and FOR the proposal to grant discretionary authority to OMAX management to vote shareholder shares to adjourn or postpone the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the adoption of the merger agreement as amended.

Holders of OMAX common stock have the right to dissent from the merger and assert dissenters' rights provided the proper procedures of Chapter 23B.13 of the Washington Business Corporation Act are followed. A copy of 23B.13 of the Washington Business Corporation Act is attached as Annex C to the proxy statement/prospectus that accompanies this notice.

This proxy statement/prospectus contains detailed information about OMAX, Flow International Corporation, and the proposed merger. We urge you to carefully read this proxy statement/prospectus in its entirety. In particular, see the section entitled "Risk Factors" beginning on page 17 of this proxy statement/prospectus for a discussion of the risks related to the merger. For specific instructions on how to vote your shares, please refer to the section of this proxy statement/prospectus entitled "The Special Meeting of OMAX Shareholders" beginning on page 59.

Whether or not you plan to attend the special meeting, please vote as soon as possible so that your shares are represented at the meeting. If you do not vote, it may make it more difficult for OMAX Corporation to adopt the merger agreement and make it more difficult for OMAX to achieve a quorum at the special meeting.

By Order of the Board of Directors,

James M. O Connor
Secretary
Kent, Washington

[], 2009

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING OF OMAX

The following are some questions that you, as a shareholder of OMAX, may have regarding the merger and the special meeting of OMAX shareholders and brief answers to such questions. Flow and OMAX urge you to read carefully the entirety of this proxy statement/prospectus because the information in this section does not provide all the information that may be important to you with respect to the adoption of the merger agreement or the issuance of Flow common stock in connection with the merger. Additional information is also contained in the annexes to this proxy statement/prospectus.

GENERAL QUESTIONS AND ANSWERS

Q: Why am I receiving this proxy statement/prospectus?

A: Flow has agreed to acquire OMAX under the terms of an Agreement and Plan of Merger, dated as of September 9, 2008, by and among OMAX, Flow, Orange Acquisition Corporation, a wholly-owned subsidiary of Flow, certain shareholders of OMAX, and John B. Cheung, Inc. as Shareholders Representative, which was amended by the First Amendment to Agreement and Plan of Merger, dated November 10, 2008. We refer to the Agreement and Plan of Merger, as amended, included in this proxy statement/prospectus as the merger agreement. Please see Agreements Related to the Merger The Merger Agreement beginning on page 43 of this proxy statement/prospectus for a description of the material terms of the merger agreement. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, OMAX shareholders must adopt the merger agreement, and all other conditions to the consummation of the merger must be satisfied or waived. OMAX will hold a special meeting of its shareholders to obtain this approval.

This proxy statement/prospectus contains important information about both Flow and OMAX and the merger, the merger agreement and the special meeting of the shareholders of OMAX, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your OMAX shares without attending OMAX's special meeting. For more specific information on how to vote, please see the questions and answers below and the sections entitled The Special Meeting of OMAX Shareholders How To Vote Your Shares on page 60 of this proxy statement/prospectus.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger by the early in calendar year 2009. However, it is possible that factors outside of our control could require us to complete the merger at a later time or not complete it at all. For example, OMAX shareholders must first approve the merger agreement at the special meeting. We expect to complete the merger as soon as reasonably practicable.

Q: Where can I find more information about Flow and OMAX?

A: You can find more information about Flow and OMAX from reading this proxy statement/prospectus and the various sources described in this proxy statement/prospectus under the section entitled Where You Can Find

More Information beginning on page 114 of this proxy statement/prospectus.

Q: What do I need to do now?

A: After you carefully read this proxy statement/prospectus, mail your signed proxy card in the enclosed return envelope. Alternatively, you may transmit your proxy by following instructions on the proxy card. In order to assure that your vote is recorded, please vote your proxy as soon as possible even if you currently plan to attend your meeting in person.

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Q: Why is my vote important?

A: If you do not return your proxy card or vote in person at the special meeting, it could be more difficult for OMAX to obtain the necessary quorum to transact business at its special meeting. In addition, your failure to vote will have the same effect as a vote against the adoption of the merger agreement.

Q: Can I change my vote after I have mailed my proxy card?

A: You can change your vote at any time before your proxy card is voted at your company's special meeting. You can do this in one of three ways:

delivering a valid, later-dated proxy by mail before the special meeting;

delivering a signed written notice to the OMAX company Secretary before the special meeting that you have revoked your proxy; or

voting by ballot at OMAX special meeting. Your attendance at the special meeting alone will not revoke your proxy.

Q: Should I send in my stock certificates now?

A: No. If OMAX shareholders approve the adoption of the merger agreement, after the merger is completed, Flow will send OMAX shareholders written instructions for exchanging their stock certificates.

Q: When and where is the OMAX special meeting? (See page 59)

A: The special meeting of OMAX shareholders will begin promptly at 8:00 a.m., local time, on [], 2009, at its headquarters located at 21409 72nd Ave South, Kent, WA 98032. Please allow ample time for the check-in procedures.

Q: Can I attend the OMAX special meeting? (See page 59)

A: You are entitled to attend the special meeting only if you were an OMAX shareholder as of the close of business on [], 2009, or if you hold a valid proxy for the special meeting.

Q: What is the vote of OMAX shareholders required to adopt the merger agreement? (See pages 60-61)

A: The affirmative vote of a majority of the outstanding shares of OMAX common stock entitled to vote at the special meeting, voting together as a single class, is required to adopt the merger agreement.

Q: As a OMAX shareholder, how can I vote? (See page 60)

A: Registered shareholders as of the record date may vote in person at the special meeting or by completing, signing and dating the enclosed proxy card and return it in the prepaid envelope provided. Alternatively, you may transmit your proxy by following the internet or fax instructions on the proxy card.

For a more detailed explanation of the voting procedures, please see the section entitled "The Special Meeting of OMAX Shareholders - How To Vote Your Shares" beginning on page 60 of this proxy statement/prospectus.

Q: What happens if I do not indicate how to vote on my proxy card?

A: If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote FOR the proposals being considered.

Q: As a OMAX shareholder, who can help answer my questions?

A: If you are a OMAX shareholder and would like additional copies of this proxy statement/prospectus, or if you have questions about the merger, including the procedures for voting your shares, you should contact by letter or phone:

James M. O Connor, Secretary
OMAX Corporation
21409 72nd Ave. South
Kent, WA 98032
Telephone: (800) 838-0343 or (253) 872-2300

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SUMMARY OF THE MERGER

*This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement, the amendment to the merger agreement and the other documents to which we have referred you. See *Where You Can Find More Information* beginning on page 106. Page references are included in this summary to direct you to a more complete description of the topics.*

Throughout this document, unless otherwise indicated, OMAX refers to OMAX Corporation and Flow refers to Flow International Corporation. We refer to the merger between OMAX and Flow as the merger, and the Agreement and Plan of Merger, dated as of September 9, 2008, between OMAX, Flow, Orange Acquisition Corporation, a wholly-owned subsidiary of Flow, certain shareholders of OMAX, and John B. Cheung, Inc. as Shareholders Representative, as amended by the First Amendment to Agreement and Plan of Merger, dated November 10, 2008, as the merger agreement.

The Companies

Flow International Corporation
23500 64th Avenue South
Kent, WA 98032
Tel: 253-850-3500, 800-446-FLOW
<http://www.flowcorp.com>

Flow International Corporation (NASDAQ: FLOW) is the world leader in the development and manufacture of ultrahigh-pressure waterjet technology, and a leading provider of robotics and assembly equipment. Flow provides technologically advanced, environmentally-sound solutions to the manufacturing and industrial cleaning markets.

Flow's roots date back to the early 1970s, when former research scientists from Boeing founded Flow Research. Their mission was to develop new businesses based on advanced technologies. The first technology commercialized by that company was the use of an ultrahigh-pressure waterjet as an industrial cutting tool. Flow later invented, patented, and perfected the world's first abrasive waterjet system to cut hard materials up to 12 inches thick.

Since 1974, Flow has delivered more than 8,500 waterjet and abrasive waterjet systems to customers in more than 45 countries. With its Corporate Headquarters in Kent, Washington, Flow now employs more than 700 employees in offices in Indiana, Michigan, Canada, Brazil, Germany, UK, Argentina, Spain, Italy, France, Taiwan, Japan, and China. Today, Flow's core markets have grown to include aerospace, automotive, job and machine shops, paper, food, art and architecture, industrial cleaning, food processing and other specialty applications. Flow's global preeminence can be attributed to its focus on key areas including technology leadership, providing total systems solutions, new product development through extensive research and development, expanding applications within core markets and an unrelenting focus on customer success through system reliability and worldwide technical support from the largest service team focused on waterjet and ultrahigh-pressure technology in the world.

OMAX Corporation
21409 72nd Ave South
Kent, WA 98032
Telephone: 1-800-838-0343 or 253-872-2300

<http://www.omax.com>

OMAX is based in Kent, Washington, and is a leading provider of precision-engineered, computer-controlled, two-axis abrasivejet systems for use in the general manufacturing environment. Abrasive waterjet systems are essentially machine cutting tools that control, through the use of a computer, the cutting of materials like plate steel, titanium, or other hard surfaces, through use of a thin stream or beam of water subjected to ultra high pressure and mixed with an abrasive-like sand or garnet.

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OMAX Corporation was established in 1993 to commercialize a new motion control technology that is particularly useful in abrasivejet machining. The founders, Dr. John H. Olsen and Dr. John B. Cheung, are both leading experts in the field of waterjet technology, and Dr. Olsen, as one of the founders of Flow, developed the first high-pressure intensifier pump in the early 1970 s. OMAX has hundreds of man-years of waterjet experience within its organization.

OMAX was established to take advantage of a patented motion control technology described as Compute First Move Later. This technology uses the computer to calculate the velocity of a tool path at the resolution desired (typically over 2,000 points per inch) allowing complete control over the motion of an abrasivejet, and allowing for precise, rapid machining.

Dr. Olsen was also instrumental in the development of the more efficient crankshaft high-pressure water pump. The OMAX JetMachining® Centers are sold through a well-established and growing network of distributors. Each distributor has already been successful in sales and service of conventional machine tools and is carefully selected for the ability to provide superior customer service before, during, and after the sale. In addition, OMAX Service Technicians are available for expert installation, training, maintenance, and repair assistance.

OMAX has over 1,800 abrasivejet systems installed in over forty countries throughout the world.

As of September 30, 2008, OMAX had total book assets of approximately \$28.2 million, and total consolidated shareholders equity of approximately \$10.5 million.

Orange Acquisition Corporation
23500 64th Avenue South
Kent, WA 98032
Tel: 253-850-3500, 800-446-FLOW

Orange Acquisition Corporation is a wholly-owned subsidiary of Flow that was incorporated in Washington in August 2008. Orange Acquisition Corporation does not engage in any operations and exists solely to facilitate the merger.

The internet addresses provided in this proxy statement/prospectus are textual references only. The Flow and OMAX websites are not part of this proxy statement/prospectus and the information contained in, or that can be accessed through, these websites is not part of this proxy statement/prospectus and should not be relied upon in making an investment decision.

Structure of the Merger (See page 43)

The merger agreement provides for the merger of Orange Acquisition Corporation, a newly formed, wholly-owned subsidiary of Flow, with and into OMAX, which we refer to as the merger. OMAX will survive the merger as a wholly-owned subsidiary of Flow.

Anticipated Synergies Following the Merger

Flow expects to realize synergies following the merger from a number of sources. These include cost reductions from combining the two companies purchasing, and reductions in overlapping general and administrative, sales and marketing, information technology and engineering expenses. These also include increased product development and improved offerings to customers, the expanded use of OMAX s distribution channels and Flow s direct sales force, and integrating the companies technical service to enhance global customer service.

Consideration in the Merger (See page 43)

Upon completion of the merger, each share of OMAX common stock outstanding immediately prior to the effective time of the merger, other than those shares held by shareholders exercising dissenters' rights, will be canceled and automatically converted into the right to receive a per share portion of the merger consideration, which is comprised of cash, shares of Flow common stock, par value \$0.01 per share (subject to adjustment), and additional cash and/or shares of Flow common stock on a contingent basis, as discussed below. In lieu of any fractional share resulting from the exchange, each OMAX shareholder will also be entitled to receive an amount of

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cash equal to the value of the fractional share remaining after aggregating all the shares of Flow common stock such shareholder would otherwise be entitled to receive in connection with the merger. The total amount of cash to be paid to OMAX shareholders at closing is approximately \$71 million, subject to adjustments (which adjustments include an employee retention pool of approximately \$3.3 million, legal counsel fees of \$7 million, transaction expenses, and other adjustments) and an escrow comprised of a promissory note as described below. A total number of shares equal in value to \$4 million will be issued by Flow at closing, based upon the closing share price for Flow common stock for the ten trading days ending two business days before the closing. Flow shareholders will continue to hold the Flow shares they currently own.

Of the \$71 million in cash consideration, \$9 million has already been paid into escrow by Flow, and \$8.45 million will be in the form of a note to be held in escrow for 18 months in the event of any indemnity claims under the merger agreement. The balance of \$53.5 million will be paid using funds from Flow's credit facilities and current cash. Flow will draw \$35 million as a term note and expects to pay the remaining \$18.5 million as a combination of cash and a draw on its revolving line at closing, using cash on hand to repay OMAX's outstanding credit line.

Subject to the interim election option described below, the contingent consideration in the merger consists of the right to receive up to \$52 million, paid pro rata to the former OMAX shareholders on the third anniversary of the closing of the merger (or at such time that an interim election is made as described below). The amount of contingent consideration to be paid, if any, is dependent upon the average daily closing share price for Flow common stock for the six (6) months ending thirty-six (36) months after the closing of the merger, which we refer to as the average share price. If the average share price is:

- a. less than or equal to \$6.99, no additional payment or distribution shall be made;
- b. equal to or greater than \$7.00, an additional \$5 million shall be paid to the former OMAX shareholders; or
- c. between \$7.01 and \$14.00, additional shares of Flow common stock shall be derived on a straight line interpolation basis between \$5 million and \$52 million and distributed to the former OMAX shareholders accordingly.

Flow may at its option distribute Flow common stock in lieu of cash as contingent consideration, in which case the number of shares distributed will be based on the average share price described above, or, if an interim election is made as described below, on the basis of the interim average share price.

Former OMAX shareholders will have the right, under certain circumstances, to make interim elections with respect to the contingent consideration if, between the last day of the sixth (6th) full month after the closing of the merger and ending on the last day of the thirty-fifth (35th) full month after the closing of the merger, the average daily closing share price of Flow common stock for the trailing six-month period quoted on the NASDAQ Global Market is equal to or greater than \$7.00, which we refer to as the interim average share price, each former OMAX shareholder may elect to receive contingent consideration on the basis of the interim average share price instead of the average share price described earlier. This interim election can only be made once by each former OMAX shareholder for all shares formerly held, any interim election is permanent and may not be revoked, and any interim election will also be subject to the terms and conditions of the escrow agreement. A form of the escrow agreement has been filed as an exhibit to the S-4 registration statement filed with the SEC. This form of escrow agreement may vary substantially from the final form of escrow agreement. Any interim election will be reported to Flow by each former OMAX shareholder on a form attached to this proxy statement/prospectus as Annex F. The election may only be made during the first fifteen days of the month following the sixth (6th) full calendar month after the closing of the merger, and each consecutive calendar month period thereafter, through the first fifteen days of the thirty-sixth (36th) month after the closing, with reference to the interim average share price occurring during the prior six months then elapsed. For example, if the closing of the merger occurs on February 15, 2009, and the interim average share price for the 6 months beginning

March 1, 2009 and ending August 30, 2009 is \$7.50, then an election can be made on a \$7.50 basis between September 1, 2009 and September 15, 2009.

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The per share stock consideration in the merger will be adjusted to reflect fully the effect of any stock split, reverse stock split, subdivisions, stock dividend (including any dividend or distribution of securities convertible into Flow common stock or OMAX common stock), reorganization, recapitalization, reclassification combination or exchange of shares or other like change with respect to Flow common stock or OMAX common stock having a record date on or after the date of the merger agreement and prior to the effective time of the merger.

At the closing, an amount equal to \$8.45 million, composed of an unsecured promissory note will not be distributed to or made available for holders of OMAX common stock but rather will be allocated to be held in escrow.

The total consideration withheld will not be distributed to or made available for holders of OMAX common stock but rather will be deposited by Flow with, and held by The Bank of New York Mellon Trust Company or other bank or trust company as Flow may choose in its discretion, as escrow agent, in an escrow fund in accordance with an escrow agreement, as further described in the merger agreement. This escrow will fund payments related to net working capital as required by the merger agreement and will secure claims by Flow or the surviving corporation for indemnification, in accordance with and subject to the terms of the merger agreement. Except for certain limited circumstances, the escrow will be Flow's sole and exclusive remedy for claims against OMAX shareholders. The release of the escrow funds will promptly occur 18 months after the closing of the transaction, and will be subject to the terms of the merger agreement and of the escrow agreement. Interest accruing to the escrow amounts will become part of the escrowed funds and, for purposes of distribution, such interest will be distributed after the principal amount.

The aggregate total value of consideration to be paid in the merger, including if the maximum aggregate contingent consideration is paid, is \$127 million. There is no limit in the merger agreement on Flow's share price after which either party would be able to terminate the agreement. Based on the share price of Flow common stock as of [], a total of approximately [] shares of Flow common stock will be issued as the total of all per share stock consideration at closing, and approximately \$71 million in cash will be delivered as the total of all per share cash consideration at closing, subject to adjustment. Based on the share price of Flow common stock as of [] no per share contingent consideration would be issued in connection with the merger to holders of shares of OMAX common stock.

No Parachute Payments (See page 51)

The executive officers of OMAX will continue as officers and employees of OMAX and Flow and will not receive any termination payments or other payments in connection with the merger that would be parachute payments as defined in Section 280G(b)(2) of the Code. James M. O'Connor, CFO of OMAX, will be paid a one-time bonus of \$90,000 at the closing of the merger for his particular efforts in connection with the merger. The executive officers of OMAX will participate in the employee retention bonus pool in the same manner as all other employees. For a description of the employee retention bonus pool, see the section entitled "Employee Retention Pool" beginning on page 35 of this proxy statement/prospectus. As with all options to purchase OMAX common stock, unvested options held by executive officers will be vested immediately prior to closing, pursuant to the same plan provisions as unvested options held by all other employees.

Ownership of Flow Stock by OMAX Shareholders After the Merger

Immediately following the merger, based upon the closing sale price of Flow common stock as of [], 2009, the former shareholders of OMAX will own approximately [] shares of Flow common stock. Assuming that the contingent consideration is paid entirely in stock, and the maximum possible contingent consideration is paid, up to an additional 3,714,286 shares of Flow common stock, based upon an average daily closing share price of \$14.00 per share for the six months ending thirty-six months after closing, (or earlier pursuant to permitted interim elections, if

any), may also be issued to the former shareholders of OMAX if the requisite contingencies are met. If the merger had closed on November 10, 2008, the date of the amendment to the merger agreement, the shareholders of OMAX would have owned approximately 4% of the shares of Flow common stock issued and outstanding on such date based upon a closing share price of \$2.82 and a value of \$4 million of Flow

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common stock issued. Such percentage does not include the effect of outstanding stock options to purchase Flow common stock or the issuance of shares of Flow common stock following such date.

Listing on the NASDAQ Global Market of Flow Shares Issued Pursuant to the Merger (See page 40)

The shares of Flow common stock issued in connection with the merger will be listed on the NASDAQ Global Market under the symbol FLOW and will be freely tradable. Certain persons who are deemed affiliates of OMAX prior to the merger will be required to comply with Rule 145 promulgated under the Securities Act of 1933, as amended, which we refer to as the Securities Act, if they wish to sell or otherwise transfer any of the shares of Flow common stock received in connection with the merger.

Management of the Combined Company After the Merger (See page 88)

Upon consummation of the merger, the board of directors of the combined company will be comprised of nine members: Charles M. Brown, Jerry L. Calhoun, Dr. John B. Cheung, Richard P. Fox, Larry A. Kring, Lorenzo C. Lamadrid, Kathryn L. Munro, Arlen I. Prentice and J. Michael Ribaud. Dr. Cheung is currently President and CEO of OMAX. The executive officers of the combined company will be Charles M. Brown (Chief Executive Officer), Karen A. Carter (Vice President of Global Operations); Dr. John B. Cheung (President of OMAX); Jeffrey L. Hohman (Executive Vice President and General Manager); John S. Leness (General Counsel and Corporate Secretary); Scott G. Rollins (Chief Information Officer); and Theresa F. Treat (Vice President of Human Resources). On December 5, 2008, Flow appointed Allen M. Hsieh as its interim Chief Financial Officer, replacing Douglas P. Fletcher. It is anticipated that Mr. Hsieh will be serving as interim CFO at the time the merger is completed. Dohn R. Johnson, Jr. is currently serving as Flow's Principal Accounting Officer.

Treatment of OMAX Options (See page 45)

Options to purchase shares of OMAX common stock outstanding at the effective time of the merger will become vested and will exercise with the consent of the optionholder, and will be exchanged for the right to receive the merger consideration described above, reduced by any applicable payroll, income tax, or other withholding taxes, loans, etc. No payment will be made with respect to an option until such time as the holder consents to the conversion of the option and form of payment in writing. Options not exercised prior to closing will be cancelled.

Shareholders Representative

From and after the closing of the merger, the former OMAX shareholders will be represented by John B. Cheung, Inc., a personal holding company of Dr. John B. Cheung. By virtue of their approval of the merger and related transactions, the OMAX shareholders will be deemed to have appointed John B. Cheung, Inc. as shareholder representative and as agent and attorney-in fact for each holder of OMAX common stock (except such shareholders, if any, demanding appraisal rights) for all matters relating to the merger agreement.

Recommendation of Board of Directors to OMAX Shareholders (See page 34)

The OMAX board of directors has unanimously determined that the merger and the adoption of the merger agreement are advisable and fair to, and in the best interests of, OMAX and its shareholders. The OMAX board of directors unanimously recommends that the OMAX shareholders vote FOR the adoption of the merger agreement. In addition, the OMAX board of directors unanimously recommends that OMAX shareholders vote FOR the proposal to adjourn or postpone OMAX's special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the proposal regarding the adoption of the merger agreement. For a description of the reasons underlying the recommendation of OMAX's board of directors, see the section entitled OMAX's Reasons for

the Merger beginning on page 32 of this proxy statement/prospectus and Recommendation of the OMAX Board of Directors beginning on page 34 of this proxy statement/prospectus.

No Review by an OMAX Financial Advisor (See page 34)

The OMAX board of directors, following a review of its duties and responsibilities to OMAX shareholders to thoroughly review the process leading to the sale of the company, and to reasonably maximize value for

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shareholders in connection with such a transaction, determined unanimously not to retain a financial advisor to either further market OMAX or to provide a fairness opinion for the terms of the merger with Flow.

Litigation between Flow and OMAX

Flow and OMAX are currently in patent litigation, Omax Corporation v. Flow International Corporation, United States District Court, Western Division at Seattle, Case No. CV04-2334. The litigation is temporarily suspended pending the consummation of the merger. If the merger is consummated, the litigation will be terminated without any additional amounts being paid in settlement. If the merger is not consummated, the litigation may continue. The merger is not a result of the litigation.

Although the parties have agreed to temporarily suspend the patent litigation between them until the merger is complete, the merger agreement does not alter the terms of the patent litigation or directly provide for the settlement of the litigation. The merger agreement provides for the payment by Flow at the time of closing of approximately \$7 million in legal fees and expenses to OMAX's counsel. Following the merger, OMAX will be a wholly-owned subsidiary of Flow, and accordingly it is anticipated that the litigation will cease to be conducted at that time and accordingly Flow expects to cause all claims to be dismissed at that time, ending the litigation. If the merger is not consummated, Flow will forfeit to OMAX \$9 million previously paid pursuant to the option agreement but Flow will receive a credit against any judgment and/or settlement in the litigation in OMAX's favor in an amount equal to \$6 million.

Risk Factors (See page 17)

The Risk Factors beginning on page 17 of this proxy statement/prospectus should be considered carefully by OMAX shareholders in evaluating whether to adopt the merger agreement. These risk factors should be considered along with the additional risk factors contained in the periodic reports of Flow filed with the SEC and the other information included, or incorporated by reference, in this proxy statement/prospectus.

Share Ownership of OMAX's Directors and Executive Officers

As of the record date for the OMAX special meeting, OMAX's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote approximately [] shares of OMAX common stock, or approximately []% of the outstanding shares of OMAX common stock. See OMAX Stock Ownership of Management and of Principal Shareholders at page 80.

Interests of OMAX's Directors and Executive Officers in the Merger (See page 35)

In considering the recommendation of OMAX's board of directors that OMAX shareholders vote in favor of the proposal to adopt the merger agreement, OMAX shareholders should be aware that directors and executive officers of OMAX have interests in, and will receive benefits from, the merger agreement that are different from, or in addition to, those of OMAX shareholders generally. All three OMAX directors and executive officers will participate in the employee retention pool as continuing employees of the combined company following the merger, and all three hold substantial numbers of OMAX stock options that will be subject to accelerated vesting and exercise as a result of the merger. See Interests of OMAX Directors and Executive Officers in the Merger at page 35. OMAX's board of directors considered these interests during its deliberations on the merits of the merger and in making its decision to recommend to OMAX shareholders that they vote to approve the terms of the merger. The members of the board of directors believe those different interests did not affect their decisions regarding the merger or their recommendation that shareholders approve the merger agreement.

Employee Retention Pool (See page 35)

At the closing, an amount equal to approximately \$3.3 million of the \$71 million cash consideration to be paid by Flow is to be paid into an escrow for the employee retention pool to encourage employees to stay with OMAX or Flow for at least six months following the closing. Payments will be made pursuant to a schedule to be provided to Flow by OMAX prior to the closing of the merger. Any remainder of this employee retention pool (after all

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appropriate payments are made to employees) will be paid to the OMAX shareholders simultaneous with the release of the escrow amount and will not be subject to claims for indemnification.

Regulatory Filings and Approvals Must be Obtained (See page 39)

OMAX and Flow are required to comply with the terms of a settlement agreement reached with the Antitrust Division of the United States Department of Justice, or the DOJ, and the United States Federal Trade Commission, or the FTC.

The proposed transaction was reviewed by the FTC, pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and related rules. On July 10, 2008, the FTC accepted a proposed consent order to remedy competitive concerns about the proposed transaction alleged in the FTC's simultaneously issued complaint. Following a 30 day public comment period, the FTC approved the issuance of a final consent order, which allows the merger to be consummated subject to certain conditions. In general terms, the conditions require Flow, following the merger, to license to other abrasive waterjet companies on a royalty-free basis OMAX patents 5,508,596 and 5,892,345, which relate to controllers used in waterjet cutting systems. The licenses do not transfer technology or any other patented equipment or processes owned by Flow or OMAX, do not apply to any intellectual property outside of the United States, and expire in five years. No further review by the FTC is warranted unless Flow fails to fulfill its post-merger obligations or fails to close on the merger within twelve months from the FTC's acceptance of the consent order (accepted July 10, 2008). Flow intends to comply in full with the consent order.

Flow will List Shares of Flow Common Stock Issued to OMAX Shareholders on the NASDAQ Global Market (See page 40)

Flow will use its reasonable efforts to cause the shares of Flow common stock to be issued, and those required to be reserved for issuance, in connection with the merger to be authorized for listing on the NASDAQ Global Market before the completion of the merger, subject to official notice of issuance.

Restrictions on the Ability to Sell Flow Common Stock (See page 40)

The shares of Flow common stock to be issued in connection with the merger will be registered under the Securities Act and will be freely transferable, except for shares of Flow common stock issued to any person who is deemed to be an affiliate of OMAX prior to the merger.

Dissenters' Rights (See page 40)

Under Washington law, holders of OMAX common stock are entitled to dissenters' rights in connection with the merger pursuant to Chapter 23B.13 of the Washington Business Corporation Act. Failure to take any of the steps required under Chapter 23B.13 of the Washington Business Corporation Act on a timely basis may result in a loss of those dissenters' rights. The provisions of Washington law that grant dissenters' rights and govern such procedures are attached as Annex C. Holders of Flow common stock are not entitled to dissenters' rights in connection with the merger.

Differences between the Rights of Flow Shareholders and OMAX Shareholders (See page 105)

After the merger, OMAX shareholders will become Flow shareholders and their rights as shareholders will be governed by the articles of incorporation and bylaws of Flow and the Washington Business Corporation Act. There are a number of differences between Flow's articles of incorporation and OMAX's articles of incorporation and their respective bylaws.

Accounting Treatment of the Merger (See page 39)

Flow will account for the merger using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*, with Flow treated as the acquiring entity. Accordingly, consideration paid by Flow will be allocated to OMAX's assets and liabilities based upon their

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estimated fair values as of the date of the closing of the merger. The results of operations of OMAX will be included in Flow's results of operations from the date of the closing of the merger.

The allocated purchase price at the closing of the merger excludes the fair value of the contingent consideration described above as this is not allocable to the assets and liabilities acquired until the contingency has been resolved beyond a reasonable doubt. When the contingency has been resolved and it has been determined whether any additional shares or cash will be issued or are issuable or the outcome is determined beyond a reasonable doubt, the fair value associated with this contingent consideration will be recorded as an adjustment to goodwill.

U.S. Federal Income Tax Consequences of the Merger (See page 37)

The merger will not qualify as a reorganization within the meaning of Section 368(a) of the Code. Generally, a U.S. holder who exchanges its shares of OMAX common stock for cash and shares of Flow common stock in the merger will realize capital gain or loss equal to the difference between (i) the fair market value of the merger consideration it receives (including the value of contingent rights to receive additional cash and shares of Flow common stock after the closing) and (ii) its tax basis in the OMAX common stock, and will recognize this gain or loss at the time of the merger, subject to the installment sale rules described below in the section entitled "Material U.S. Federal Income Tax Consequences" at page 37.

Any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of OMAX common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. Any capital gain or loss generally will be short-term capital gain or loss if the U.S. holder held the shares of OMAX common stock for one year or less at the time the merger is completed. Short-term capital gain of an individual generally is subject to U.S. federal income tax at a maximum individual tax rate of 35%. The deductibility of capital losses is subject to limitations.

For a U.S. holder who acquired different blocks of OMAX common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the merger. A U.S. holder's tax basis in the shares of Flow common stock received in the merger will equal the fair market value of such shares received. The holding period for the shares of Flow common stock received in the merger will not include the holding period for the shares of OMAX common stock surrendered in the merger.

Tax matters are very complicated, and the tax consequences of the merger to a particular shareholder of OMAX will depend in part on such shareholder's circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

For more information, please see the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 37.

Conditions to Completion of the Merger (See page 53)

The obligations of Flow and OMAX to consummate the merger are subject to the satisfaction or waiver of various conditions, including the following mutual conditions:

valid adoption of the merger agreement by the shareholders of OMAX;

the SEC shall have declared Flow's registration statement, of which this proxy statement/prospectus is a part, effective, and the shares of Flow common stock to be issued pursuant to the merger shall have been authorized

for listing on the NASDAQ Global Market;

all consents, (including third party consents), notices and approvals required to be obtained or provided prior to the consummation of the merger shall have been obtained, satisfied or filed; and

no law, regulation or order shall have been enacted or issued by a governmental entity which has the effect of making the merger illegal or otherwise prohibiting completion of the merger.

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In addition, the obligations of each of Flow and OMAX to consummate the merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the parties shall be true and correct on the date of the merger agreement and as of the closing of the merger to the extent specified in the merger agreement;

the parties shall have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it prior to the completion of the merger; and

the parties and BNY Mellon Shareowner Services (or other appointed escrow agent) shall have executed the relevant escrow agreements.

In addition, the obligations of Flow to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

OMAX shall not have suffered a continuing material adverse effect since the date of the merger agreement;

there shall be no pending suit, action or proceeding asserted by any governmental entity (1) challenging or seeking to restrain or prohibit the merger or any of the other transactions contemplated by the merger agreement the effect of which would be to cause the merger to be illegal or otherwise prohibit consummation of the merger or (2) seeking to require Flow or OMAX to agree to any action which is reasonably likely to have a material adverse effect on Flow or OMAX as specified in the merger agreement;

Flow shall have received the resignations of the officers and directors of OMAX and certain designated subsidiaries;

prior to closing, certain OMAX employees shall have executed offer and employment agreements with Flow and shall have in place all required certifications, clearances and authorizations for the specified positions;

certain designated individuals shall have executed noncompetition agreements with Flow;

certain designated agreements shall have been terminated or amended;

Flow shall have received legal opinions with respect to the transaction;

certain intellectual property rights of OMAX shall have been assigned to Flow;

OMAX shall have delivered certain specified financial statements and OMAX's minute books;

not more than 5% of the holders of OMAX shares outstanding on the record date for the vote of the merger shall have exercised dissenter's rights;

OMAX shall have amended the change of control provisions in its option agreements and holders of OMAX options shall have provided written consent to the exercise of their option;

OMAX shall have delivered to Flow all necessary certificates and other documents customary for transactions of this type; and

any agreements entered into between Flow, OMAX and OMAX's shareholders shall be in full force and effect.

Prohibition from Soliciting Other Offers (See page 52)

OMAX has agreed that it will not:

solicit, encourage, initiate, or participate in any negotiations, inquiries, or discussions with respect to any offer or proposal to acquire all or any significant part of OMAX, its business, assets, or capital shares, whether by merger, consolidation, other business combination, purchase of capital stock purchase of assets, license (but excluding non-exclusive licenses entered into in the ordinary course of business), lease, tender or

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exchange offer, or otherwise, which we refer to as a restricted transaction, as defined in the merger agreement;

disclose, in connection with a restricted transaction, any nonpublic information to any person other than Flow or Flow's representatives concerning OMAX's business or properties or afford to any person other than Flow or Flow's representatives access to its properties, books, or records, except as required by law or in accordance with a governmental request for information;

enter into or execute any agreement relating to a restricted transaction; or

make or authorize any public statement, recommendation, or solicitation in support of any restricted transaction or any offer or proposal relating to a restricted transaction other than with respect to the merger with Flow.

Additionally, OMAX has agreed that neither its board of directors nor any committee thereof will directly or indirectly:

withdraw (or amend or modify in a manner adverse to Flow), or publicly propose to withdraw (or amend or modify in a manner adverse to Flow), the approval, recommendation, or declaration of advisability by the board of directors of OMAX of the merger; or recommend, adopt, or approve, or propose publicly to recommend, adopt, or approve, any acquisition proposal; or

approve or recommend, or publicly propose to approve or recommend, or allow OMAX or any of its subsidiaries to execute or enter into, any letter of intent, merger agreement, option agreement, joint venture agreement, partnership agreement, or other similar agreement, (A) constituting or related to any acquisition proposal or (B) requiring it to abandon, terminate, or fail to consummate the merger.

Termination of the Merger Agreement (See page 56)

The merger agreement may be terminated under certain limited circumstances in accordance with its terms at any time prior to completion of the merger, whether before or after adoption of the merger agreement by OMAX's shareholders. If the merger agreement is terminated prior to closing, a cash payment of \$9 million, already paid under the terms of the option agreement described more fully on page 112, which amount is currently held in escrow, would be disbursed to OMAX as a termination fee.

Table of Contents**SELECTED FINANCIAL DATA OF FLOW**

The tables below present summary selected consolidated historical financial data of Flow International Corporation (in thousands except for per share data) prepared in accordance with accounting principles generally accepted in the United States of America. This information should be read in conjunction with Flow's consolidated financial statements and related notes, incorporated by reference into this proxy statement/prospectus.

The summary statement of operations data for each of the fiscal years ended April 30, 2008, 2007, 2006, 2005 and 2004 and the summary balance sheet data as of April 30, 2008 and 2007 are derived from our audited financial statements, which are incorporated by reference into this proxy statement/prospectus. The summary statement of operations data for the six months ended October 31, 2008 and the summary balance sheet data as of October 31, 2008 are derived from our unaudited financial statements which are incorporated by reference into this proxy statement/prospectus.

	Six Months Ended		Year Ended April 30,			
	October 31, 2008 (Unaudited)	2008	2007(3)	2006(1)(3)	2005(1)(2)	2004(1)(2)
(In thousands, except per share amounts)						
Statement of Operations Data:						
Sales	\$ 117,643	\$ 244,259	\$ 213,435	\$ 202,658	\$ 169,289	\$ 128,488
Income (Loss) From Continuing Operations	1,926	21,911	4,022	7,047	(12,772)	(10,557)
Net Income (Loss)	2,015	22,354	3,755	6,677	(21,197)	(11,274)
Basic Income (Loss) Per Share from Continuing Operations	0.05	0.59	0.11	0.20	(0.72)	(0.68)
Basic Income (Loss) Per Share	0.05	0.60	0.10	0.19	(1.19)	(0.73)
Diluted Income (Loss) Per Share from Continuing Operations	0.05	0.58	0.11	0.19	(0.72)	(0.68)
Diluted Income (Loss) Per Share	0.05	0.59	0.10	0.18	(1.19)	(0.73)

	October 31, 2008 (Unaudited)	2008	2007	April 30, 2006	2005	2004
(In thousands)						

Balance Sheet Data:						
Working Capital	\$ 56,907	\$ 56,126	\$ 43,108	\$ 41,857	\$ 6,154	\$ (8,757)
Total Assets	152,077	151,155	123,172	119,301	118,467	129,272
Short-Term Debt	2,229	2,095	7,188	3,247	13,443	48,727

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Long-Term Obligations, net	2,211	2,333	2,779	3,774	5,704	38,081
Shareholders Equity						
(Deficit)	87,109	86,064	61,224	56,557	29,464	(8,217)

- (1) Our consolidated statements of operations for fiscal years 2007 through 2004 have been recast to reflect the results of operations of our CIS Technical Solutions division as discontinued operations.
- (2) Our consolidated statements of operations for fiscal years 2005 and 2004 have been recast to give effect to the sale of the Avure Business and present the results for the Avure Business as discontinued operations.
- (3) As described in Note 20 to the referenced Annual Report on Form 10-K for the year ended April 30, 2008, we restated our financial statements for the years 2006 and 2005 to reflect the following: (i) an increase of \$280,000 to fiscal year 2006 provision for income taxes and taxes payable and other accrued taxes, (ii) an increase in product warranty expense of \$208,000 which increased the cost of goods sold, and (iii) other adjustments that were not individually significant. The effect of these errors resulted in a decrease of \$733,000 or \$0.02 per basic and dilutive income per share of net income in fiscal year 2006, and an increase of \$85,000 or \$0 per basic and dilutive income per share of net income in fiscal year 2007.

Table of Contents**SELECTED FINANCIAL DATA OF OMAX**

The tables below present summary selected historical financial data of OMAX Corporation (in thousands) prepared in accordance with accounting principles generally accepted in the United States of America. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for OMAX, and OMAX's consolidated financial statements and related notes, attached to this proxy statement/prospectus in Annex D.

The summary statement of operations data for each of the years ended December 31, 2007, 2006 and 2005, and the summary balance sheet data as of December 31, 2007 and 2006 are derived from our audited financial statements, which are included elsewhere in this proxy statement/prospectus. The summary balance sheet data as of December 31, 2005 are derived from our audited financial statements, which are not included in this proxy statement/prospectus. The summary statement of income data for each of the years ended December 31, 2004 and 2003 and the summary balance sheet data as of December 31, 2004 and 2003 are derived from our unaudited financial statements, which statements are not included in this proxy statement/prospectus. The summary statement of income data for the nine months ended September 30, 2008 and the summary balance sheet data as of September 30, 2008 are derived from OMAX's unaudited financial statements which are included in this proxy statement/prospectus.

	Nine Months Ended September 30, 2008 (Unaudited)	2007	Year Ended December 31,			
			2006(1)	2005(1)	2004(2) (Unaudited)	2003(2) (Unaudited)
	(In thousands)					
Statement of Income Data:						
Sales	\$ 47,860	\$ 62,672	\$ 53,531	\$ 37,514	\$ 25,242	\$ 18,253
Net Income	595	1,328	2,838	2,054	1,035	270

	September 30, 2008 (Unaudited)	2007	December 31,			
			2006(1)	2005(1)	2004(2) (Unaudited)	2003(2) (Unaudited)
	(In thousands)					
Balance Sheet Data:						
Working Capital	\$ 9,654	\$ 8,189	\$ 7,255	\$ 4,735	\$ 2,420	\$ 1,558
Total Assets	28,179	25,625	19,638	13,034	10,004	9,149
Short-Term Debt	5,448	5,107	3,360	2,839	2,836	2,838
Long Term Capital Lease Obligations	859	807	252	356	274	24
Convertible Preferred Stock				1,941	1,941	1,941
Shareholders' Equity	10,526	9,736	8,409	3,505	1,551	615

- (1) As described in Note 3 to our December 31, 2007 Financial Statements included elsewhere in this proxy statement/prospectus, we have restated our financial statements for the years 2006 and 2005 to reflect the following: (i) the retroactive recognition of state sales taxes; (ii) an adjustment to our warranty reserves; (iii) an adjustment to remove will call sales; (iv) the income tax effect of these changes as well as changes in the calculation of deferred tax assets and liabilities as of December 31, 2006 and 2005 related to the IC-DISC; (v) an adjustment for inventory in transit as of December 31, 2006; (vi) a reclassification of equipment installation costs from sales and marketing costs to cost of goods sold; (vii) an adjustment to reclassify amounts in excess of par value; and (viii) an adjustment to reclassify the preferred stock to the mezzanine level.
- (2) Certain of the restatement entries as described in note 1 above, also resulted in restatements to OMAX's financial statements for the years 2004 and 2003, which restatements to prior periods are further described in Note 3 to our December 31, 2007 financial statements, included elsewhere in this proxy statement/prospectus.

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**SELECTED UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL DATA**

The following selected unaudited pro forma condensed combined financial data is designed to show how the acquisition by Flow of OMAX might have affected Flow's historical financial statements if the acquisition had been completed at an earlier time and was prepared based on the historical financial results reported by Flow and OMAX. The following should be read in connection with Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 91, the Flow audited consolidated financial statements, which are incorporated by reference into this proxy statement/prospectus, and OMAX's audited consolidated financial statements (attached to this proxy statement/prospectus as Annex D).

The unaudited pro forma condensed combined balance sheet gives pro forma effect to the merger as if the merger has been completed on May 1, 2007 and combines Flow's October 31, 2008 unaudited consolidated balance sheet with OMAX's September 30, 2008 unaudited consolidated balance sheet. The unaudited pro forma combined statement of income for the twelve months ended April 30, 2008 gives pro forma effect to the merger as if it had been completed on May 1, 2007, and combines Flow's audited consolidated statement of income for the year ended April 30, 2008 with OMAX's unaudited consolidated statement of income for the twelve months ended March 31, 2008. To compute the twelve months ended March 31, 2008 for OMAX financials, revenue of \$2.2 million and net income of \$214,000 for the three months ended March 31, 2007 were subtracted from the twelve months ended December 31, 2007 and revenue of \$2.7 million and net income of \$73,000 for the three months ended March 31, 2008 were added. The unaudited pro forma condensed statement of income for the six months ended October 31, 2008 combines Flow's historical results for the six months ended October 31, 2008 and OMAX historical results for the six months ended September 30, 2008.

The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable under the circumstances including pro forma adjustments for preliminary valuation of certain tangible and intangible assets. These adjustments are subject to further revision upon completion of the contemplated transaction and related intangible assets valuation.

The unaudited pro forma condensed combined financial data is presented for illustrative purposes only, and is not necessarily indicative of the financial condition or results of operations of future periods, or the financial condition or results of operations that actually would have been realized had the entities been a single company during these periods.

	Year Ended April 30, 2008	Six Months Ended October 31, 2008 (Unaudited)
	(In thousands, except per share amounts)	
Statement of Income Data:		
Sales	\$ 308,244	\$ 151,025
Income from Continuing Operations	19,649	455
Net Income	20,092	544
Basic and Diluted Income per Share from Continuing Operations	0.50	0.01

Basic and Diluted Net Income per Share	0.51	0.01
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**As of October 31, 2008
(Unaudited)
(In thousands)**

Balance Sheet Data:

Working Capital	\$	43,693
Goodwill		15,000
Total Assets		220,789
Short-Term Debt		20,061
Long-Term Obligations, net		51,070
Shareholders' Equity		63,809

Table of Contents**COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following tables set forth:

the historical and unaudited pro forma combined net income per share and net tangible book value per data of Flow; and

the historical and unaudited equivalent pro forma combined net income per share and net tangible book value per data of OMAX.

The unaudited pro forma combined net income per share data reflects the merger with OMAX as if it had been consummated on May 1, 2007.

The unaudited pro forma combined financial data is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Flow would have been had the acquisition of OMAX occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

	Year Ended April 30, 2008	Six Months Ended October 31, 2008
Flow historical data:		
Net Income per Share Basic	\$ 0.60	\$ 0.05
Net Income per Share Dilutive	0.59	0.05
Book Value per Share(1)	2.29	2.32
	Year Ended March 31, 2008	Six Months Ended September 30, 2008
OMAX historical data:		
Book Value per Share(1)	2.12	2.22
	Year Ended April 30, 2008	Six Months Ended October 31, 2008
Pro forma combined data:		
Net Income per Share Basic(2)	\$ 0.51	\$ 0.01
Net Income per Share Dilutive(2)	\$ 0.50	\$ 0.01
Book Value per Share(1)		1.60
Pro forma combined equivalent data:		
Net Income per Share Basic(3)	\$ 1,105.99	\$ 29.77
Net Income per Share Dilutive(3)	\$ 1,092.96	\$ 29.76

Book Value per Share(1)

3,496.77

- (1) The historical book value per share is computed by dividing total shareholders' equity by the total number of shares of Flow or OMAX common stock outstanding at the end of the period. The pro forma combined book value per share is computed by dividing the pro forma combined shareholders' equity by the pro forma combined number of shares of Flow common stock outstanding at October 31, 2008.
- (2) Shares used to calculate unaudited pro forma combined basic and diluted net income per share are based on the sum of the following:
 - a. The number of Flow weighted average shares used in computing historical net loss per share, basic and diluted; and
 - b. The number of Flow common shares issued to the former OMAX shareholders as consideration for the assumed merger.
- (3) The pro forma combined equivalent data is calculated by multiplying the pro forma combined data amounts by the exchange ratio of 2,179,837 shares of Flow for each share of OMAX common stock. For the purposes of these pro forma adjustments, the exchange ratio has been calculated as \$4 million (the total value of Flow common stock issued to OMAX at closing) divided by Flow's ten-day average closing stock price through December 19, 2008, or \$1.835, which would have resulted in the issuance of 2,179,837 shares of Flow common stock.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE DATA**

Flow's common stock trades on the NASDAQ Global Market under the symbol FLOW. OMAX is a private company and its common stock is not publicly traded. There is currently no market for OMAX's common stock.

As of January 2, 2009, 2008, there were approximately 779 holders of record of Flow common stock, including the Depository Trust Company, which holds shares of Flow's common stock on behalf of an indeterminate number of beneficial holders, and 37,643,570 shares of Flow common stock outstanding.

As of January 2, 2009, there were approximately 108 holders of record of OMAX common stock and 4,741,128 shares of OMAX common stock outstanding.

The following table shows the closing prices per share of Flow common stock as reported on the NASDAQ Global Market on (1) September 8, 2008, the last full trading day preceding the public announcement that Flow and OMAX had entered into the merger agreement, and (2) January 2, 2009.

	Flow Common Stock
September 8, 2008	5.58
January 2, 2009	2.82

The following table sets forth quarterly high and low sales prices of Flow common stock for the indicated periods:

	Flow Common Stock	
	High	Low
Year Ending April 30, 2009		
Third Quarter (through January 2, 2009)	4.10	1.21
Second Quarter	10.19	2.86
First Quarter	11.40	5.05
Year Ended April 30, 2008		
Fourth Quarter	10.48	7.20
Third Quarter	10.32	7.03
Second Quarter	10.92	7.52
First Quarter	13.83	9.14
Year Ended April 30, 2007		
Fourth Quarter	12.97	10.43
Third Quarter	12.41	9.75
Second Quarter	14.68	10.60
First Quarter	16.74	12.53

The foregoing tables show only historical information. These tables may not provide meaningful information to you in determining whether to adopt the merger agreement. Under the merger agreement, shares of Flow common stock equal in value to \$4 million will be issued at closing based upon the closing share price for Flow common stock for the ten trading days ending two business days before the closing. In addition, additional shares of Flow common stock

equal in value to \$52 million based on the average share price for the six months ending thirty-six months after closing may be issued as contingent consideration and paid pro rata to the former OMAX shareholders. The additional shares to be delivered will be determined using a sliding scale as follows: if the average share price is \$6.99 or less, no additional shares are delivered; if the average share price is \$7.00 or more, shares of Flow common stock equal to \$5 million will be delivered; or if the average share price is between \$7.01 and \$14.00, additional shares of Flow common stock shall be derived on a straight line interpolation basis between \$5 million and \$52 million and distributed to the former OMAX shareholders accordingly.

If, between the last day of the sixth (6th) full month after the closing of the merger and ending on the last day of the thirty-fifth (35th) full month after the closing of the merger, the interim average share price of Flow common stock is equal to or greater than \$7.00, each former OMAX shareholder may elect to receive contingent consideration on the basis of the interim average share price instead of the average share price described earlier. This interim election can only be made once by each former OMAX shareholder for all shares formerly held, any interim election is permanent and may not be revoked, and any interim election will also be subject to the terms and conditions of the Escrow Agreement. The election may only be made during the first fifteen days of the month following the sixth (6th) full

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calendar month after the closing of the merger, and each consecutive calendar month period thereafter, through the first fifteen days of the thirty-sixth (36th) month after the closing, with reference to the interim average share price occurring during the prior six months then elapsed. For example, if the closing of the merger occurs on February 15, 2009, and the interim average share price for the 6 months beginning March 1, 2009 and ending August 30, 2009 is \$7.50, then an election can be made on a \$7.50 basis between September 1, 2009 and September 15, 2009.

Flow may at its option distribute cash in lieu of Flow common stock as contingent consideration.

Dividends

Flow has not paid cash dividends to common shareholders in the past. Flow currently intends to retain future earnings, if any, to finance development and expansion of their business and reduce debt and does not expect to declare cash dividends to common shareholders in the near future. There are no restrictions in Flow's articles or bylaws on Flow's ability to pay cash dividends to its shareholders. However, Flow's ability to pay cash dividends is restricted under Flow's new senior credit agreement which was signed on June 9, 2008, and amended on December 5, 2008. See Note 19: *Subsequent Events* to Flow's consolidated financial statements, which have been incorporated by reference herein, for further discussion of this credit facility.

OMAX has never declared or paid any cash dividends on its common stock. OMAX declared and paid cash dividends on its preferred stock from June 2002 through September 2006, at which time the preferred stock was converted by its owner to shares of OMAX common stock. If the merger is not completed, OMAX currently intends to retain any future earnings to finance the growth and development of its business and, therefore, does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of OMAX's board of directors and will depend upon its financial condition, operating results, capital requirements, covenants in its debt instruments and such other factors as the board of directors deems relevant.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of Flow, OMAX or the combined company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words *may*, *will*, *project*, *might*, *expects*, *anticipates*, *believes*, *intends*, *estimates*, *should*, *could*, *would*, *strategy*, *plan*, negative of these words or other words or expressions of similar meaning. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings, approvals and the closing related to the merger; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the risk that the merger does not close, including the risk that required shareholder approval for the merger and related transactions may not be obtained; the possibility that expected synergies and cost savings will not be obtained; the difficulty of integrating the business, operations and employees of the two companies; as well as developments in the market for ultrahigh pressure water pumps and systems, and related products and services; and other risks and uncertainties described in the section entitled *Risk Factors* and in the documents that are incorporated by reference into this proxy statement/prospectus. You should note that the discussion of Flow's and OMAX's respective board of directors' reasons for the merger contain forward-looking statements that describe beliefs, assumptions and estimates as of the indicated dates and those forward-looking

expectations may have changed as of the date of this proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of Flow and OMAX or the combined company could differ materially from the expectations in these statements. The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus, and neither Flow nor OMAX is under any obligation to update their respective forward-looking statements and neither party intends to do so.

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RISK FACTORS

If the merger is completed, OMAX and Flow will operate as a combined company in a market environment that is difficult to predict and that involves significant risks, many of which will be beyond the combined company's control. In addition to information regarding OMAX and Flow contained in, or incorporated by reference into, this proxy statement/prospectus, you should carefully consider the risks described below before voting your shares. Additional risks and uncertainties not presently known to us or that we do not currently believe are important to an investor, if they materialize, also may adversely affect the merger, OMAX, Flow and the combined company. A discussion of additional risks and uncertainties regarding OMAX and Flow can be found in the information which is incorporated by reference in this proxy statement/prospectus and referred to in the section entitled "Where You Can Find More Information" beginning on page 114 of this proxy statement/prospectus. If any of the events, contingencies, circumstances or conditions described in the following risks actually occurs, our respective businesses, financial condition or our results of operations could be seriously harmed. If that happens, the trading price of Flow common stock could decline and you may lose part or all of the value of any Flow shares held by you.

Risks Related to the Merger

Flow's proposed merger with OMAX may fail to close or there could be substantial delays and costs before the merger is completed.

On December 4, 2007, Flow entered into an option agreement that provides Flow with a period of exclusivity to negotiate the acquisition of OMAX. The transaction is subject to due diligence, the terms of the merger agreement and other customary closing conditions, including approval of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act.

The proposed transaction was reviewed by the FTC pursuant to the HSR Act and related rules. On July 10, 2008, the FTC accepted a proposed consent order to remedy competitive concerns about the proposed transaction alleged in the FTC's simultaneously issued complaint. Following a 30-day public comment period, the FTC approved the issuance of a final consent order, which allows the merger to be consummated subject to certain conditions. In general terms, the conditions require Flow, following the merger, to license to other abrasive waterjet companies on a royalty-free basis OMAX patents 5,508,596 and 5,892,345, which relate to controllers used in waterjet cutting systems. The licenses do not transfer technology or any other patented equipment or processes owned by Flow or OMAX, do not apply to any intellectual property outside of the United States, and expire in five years. No further review by the FTC is warranted unless Flow fails to fulfill its post-merger obligations or fails to close on the merger within twelve months from the FTC's acceptance of the consent order (accepted July 10, 2008). Flow intends to comply in full with the consent order, however, there can be no assurance that Flow will be able to fulfill its post-merger obligations or that the closing of the merger will occur on time.

If the proposed merger with OMAX is not closed, the continuation of the litigation could be time consuming and costly.

If the proposed transaction is consummated, it is expected that the patent litigation between the parties, OMAX Corporation v. Flow International Corporation, United States District Court, Western Division at Seattle, Case No. CV04-2334, will be terminated without any additional amounts being paid in settlement. The merger agreement does not alter or settle the litigation, although it does provide for the payment of OMAX's attorneys' fees. If the transaction is not closed, the litigation may continue, which could be time consuming and costly.

Flow's proposed merger with OMAX may result in dilution to Flow's existing shareholders.

Under the merger agreement, shares of Flow common stock worth \$4 million will be issued at closing and, three years after closing (or earlier pursuant to a permitted interim election described below), if Flow elects to pay the contingent consideration in stock, additional shares of common stock worth up to \$52 million based on the Average Share Price for the six months ending thirty-six months after closing. The additional shares issued in connection with the merger with OMAX will have a dilutive impact on the number of Flow's shares outstanding and may also adversely affect the prevailing market price of Flow's common stock.

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The OMAX board of directors held no competitive bidding or auction surrounding the terms of the Flow transaction, and no independent financial advisor has been engaged to analyze the terms of the merger on behalf of OMAX.

The OMAX board of directors did not retain a financial advisor in connection with the proposed merger to seek additional offers with potentially better terms and has not externally marketed OMAX to third parties before or after entering into the merger agreement. Although the board of directors believes that it had a reasonable basis to determine that it has obtained the best transaction available for OMAX shareholders, based upon its review of the industry, OMAX's operations and financial results and the market value of similar companies, no independent financial advisor has reviewed the terms of the merger transaction to make a third-party determination regarding the fairness of the merger consideration to OMAX shareholders, as occurs in many merger transactions. Furthermore, the OMAX board of directors did not seek any competing offers for OMAX prior to approving the merger agreement or following announcement of the potential merger. Accordingly, it is possible that the terms of the merger transaction may not represent the maximum value that would be paid for shares of OMAX.

No independent director of OMAX has approved the merger with Flow.

Each of the three OMAX directors are employees of OMAX and as such will be eligible to participate in the employee retention pool to be reserved out of the consideration paid to OMAX shareholders. Each of the three OMAX directors also expects to be an employee of Flow following the transaction and Dr. John B. Cheung will be a director of Flow. As a result, no independent third party director has approved the merger with Flow. The interests of the OMAX board of directors may be different from those of the OMAX shareholders as a whole, and you should review the terms of the transaction carefully before making your investment decision.

Flow may not be able to successfully integrate OMAX into its existing business.

If the transaction is closed, there will be a significant risk relating to integration. The integration of OMAX will be a time-consuming and expensive process and may disrupt the combined company's operations if it is not completed in a timely and efficient manner. If this integration effort is not successful, the combined company's results of operations could be harmed, employee morale could decline, key employees could leave, and customers could cancel existing orders or choose not to place new ones. In addition, the combined company may not achieve anticipated synergies or other benefits of the merger. If the anticipated benefits of the merger are not realized or do not meet the expectations of financial or industry analysts, the market price of Flow's common stock may decline.

Flow may assume unknown liabilities in the merger with OMAX that could harm Flow's financial condition and operating results.

The due diligence that Flow has and will be able to perform before the proposed merger may be limited and may not be sufficient to identify before the closing all possible breaches of representations and warranties. As a result, Flow may, among other things, assume unknown liabilities not disclosed by the seller or uncovered during pre-merger due diligence. These obligations and liabilities could harm Flow's financial condition and operating results. Flow's rights to indemnification for breaches of representations and warranties will, except in certain limited circumstances, be limited to a maximum of \$8.45 million.

Flow may incur significant indebtedness following the merger, which could adversely affect Flow's liquidity.

In order to finance a portion of the cash consideration, Flow will incur additional indebtedness. As a result of this indebtedness, demands on Flow's cash resources will increase, which could affect Flow's liquidity and, therefore, could

have important effects on an investment in its common stock. For example, while the impact of this increased indebtedness is expected to be addressed by the combined cash flows of Flow and OMAX, the increased level of indebtedness could nonetheless create competitive disadvantages for Flow compared to other companies with lower debt levels.

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General customer uncertainty related to the merger could harm Flow, OMAX and the combined company.

Flow's and OMAX's customers may, in response to the announcement of the proposed merger, or due to concerns about the completion of the proposed merger, delay or defer purchasing decisions. Alternatively, customers may purchase a competitor's product because of such concerns. Further, customer concerns about changes or delays in Flow's, OMAX's or the combined company's product roadmap may negatively affect customer purchasing decisions. Customers could also be reluctant to purchase the products and services of OMAX or Flow due to uncertainty about the direction of their technology, products and services, and willingness to support and service existing products. In addition, customers, distributors, resellers, and others may also seek to change existing agreements with OMAX or Flow as a result of the proposed merger or not support or promote OMAX's or Flow's technology, products and services due to uncertainty created by the proposed merger. If Flow's or OMAX's customers delay or defer purchasing decisions, or choose to purchase from a competitor, the revenues of Flow and OMAX, respectively, and the revenues of the combined company, could materially decline or any anticipated increases in revenue could be lower than expected.

The announcement and pendency of the merger could cause disruptions in the businesses of Flow and OMAX, which could have an adverse effect on their respective business and financial results, and consequently on the combined company.

Flow and OMAX have operated independently and, until the completion of the merger, will continue to operate independently. Uncertainty about the effect of the merger on employees, customers and distributors may have an adverse effect on Flow and OMAX and consequently on the combined company. These uncertainties may impair Flow's and OMAX's ability to retain and motivate key personnel and could cause customers, distributors, suppliers and others with whom each company deals to seek to change existing business relationships which may materially and adversely affect their respective businesses. Due to the limited termination rights agreed to by the parties in the merger agreement, Flow and OMAX may be obligated to consummate the merger in spite of the adverse effects resulting from the disruption of Flow's and OMAX's ongoing businesses. Furthermore, this disruption could adversely affect the combined company's ability to maintain relationships with customers, distributors, suppliers and employees after the merger or to achieve the anticipated benefits of the merger. Each of these events could adversely affect Flow and OMAX in the near term and the combined company if the merger is completed.

Integrating Flow and OMAX may divert management's attention away from the combined company's operations.

Successful integration of Flow's and OMAX's operations, products and personnel may place a significant burden on the combined company's management and internal resources. Challenges of integration include the combined company's ability to incorporate acquired products and business technology into its existing product lines, including consolidating technology with duplicative functionality or designed on a different technological architecture and providing for interoperability, and its ability to sell the acquired products through Flow's existing or acquired sales channels. Flow may also experience difficulty in effectively integrating the different cultures and practices of OMAX. Further, the difficulties of integrating OMAX could disrupt the combined company's ongoing business, distract its management focus from other opportunities and challenges, and increase the combined company's expenses and working capital requirements. The diversion of management attention and any difficulties encountered in the transition and integration process could harm the combined company's business, financial condition and operating results.

If Flow and OMAX fail to retain key employees, the benefits of the merger could be diminished.

The successful combination of Flow and OMAX will depend, in part, on the retention of key personnel. There can be no assurance that the combined company will be able to retain its key management and scientific personnel. Any

failure to retain such key employees could harm the business of the combined company.

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The value of the shares of OMAX common stock may be affected by factors different from or in addition to those affecting the shares of Flow common stock.

Upon completion of the merger, holders of OMAX common stock will become holders of Flow common stock and will have different rights from the shares of OMAX common stock. For a comparison of the different rights, see the section entitled *Comparative Rights of Flow Shareholders and OMAX Shareholders* beginning on page 97 of this proxy statement/prospectus. In addition, an investment in Flow common stock has different risks than an investment in OMAX common stock. Former holders of OMAX common stock will be subject to risks associated with Flow upon exchange of their shares of OMAX common stock for Flow common stock that are different from or in addition to the risks associated with OMAX.

OMAX officers and directors may have interests that are different from, or in addition to, those of OMAX shareholders generally.

The officers and directors of OMAX have interests in the merger that are different from, or are in addition to, those of OMAX shareholders generally. These interests include an OMAX director being nominated for election to the Flow board of directors following the merger, the adoption of new employment agreements for certain OMAX executives in connection with the merger and/or the provision and continuation of indemnification and insurance arrangements for current directors of OMAX following the consummation of the merger. Additionally, several of OMAX's officers and directors will be eligible to participate in the employee retention pool. You should consider these differing interests when making your voting decision.

OMAX shareholders will be represented by a Shareholders Representative after the merger, who may have interests that are different from, or in addition to, those of OMAX shareholders generally.

By approving the merger and the merger agreement, the OMAX shareholders will be appointing John B. Cheung, Inc. as shareholders' representative and as agent and attorney-in-fact of holders of OMAX common stock for all matters relating to the merger agreement. John B. Cheung, the sole principal of John B. Cheung, Inc., will be a director of Flow at the time decisions are made by the shareholders' representative on behalf of former OMAX shareholders. Although Dr. Cheung intends to make all decisions as the principal of the shareholders' representative solely on behalf of the former OMAX shareholders, he will have an inherent conflict of interest in his capacities as both a Flow director and the principal of the shareholders' representative. Matters to be determined by the shareholders' representative on behalf of all OMAX shareholders include a review of Flow's determination of the OMAX working capital balance as of closing of the merger, as well as the review, payment or defense of any claims made by Flow for indemnification under the merger agreement. All these determinations could affect the amount of consideration OMAX shareholders ultimately receive from the escrow to be held by The Bank of New York Mellon Trust Company (or other escrow agent), and the shareholders' representative's decision will constitute a decision by all OMAX shareholders and will be binding upon them.

Risks Related to Flow's Industry and Business

If the general shortage of credit continues to develop, Flow's sales may decrease.

Flow's customers typically finance the purchase of Flow's systems. If they are unable to obtain credit or cannot find financing on acceptable terms, Flow's sales may decrease, which would reduce Flow's revenues, profitability and cash flow.

Flow is experiencing increased competition in its markets, and the failure to compete effectively could have an adverse effect on Flow's business, financial condition, and results of operations.

Flow is facing increased competition in a number of its served markets as a result of the entry of new competitors, some of which have greater financial resources or lower production costs than Flow does. In order to compete effectively, Flow must retain its relationships with existing customers, establish relationships with new customers, continually develop new products and services designed to maintain its leadership technology position and penetrate new markets. Flow's failure to compete effectively may reduce its revenues, profitability and cash flow, and pricing pressures may adversely impact its profitability.

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Cyclical economic conditions may adversely affect Flow's financial condition and results of operations or Flow's growth rate could decline if the markets into which it sells its products decline or do not grow as anticipated.

Flow's products are sold in industries and end-user applications that have historically experienced periodic downturns, such as automotive, aerospace, paper, job shops and stone and tile. Cyclical weaknesses in the industries that Flow serves have led and could continue to lead to a reduced demand for its products and adversely affect its financial condition and results of operations. Any competitive pricing pressures, slowdown in capital investments or other downturn in these industries could adversely affect Flow's financial condition and results of operations in any given period. Additionally, visibility into Flow's markets is limited. Flow's quarterly sales and operating results depend substantially on the volume and timing of orders received during the quarter, which are difficult to forecast. Any decline in Flow's customers' markets would likely result in diminished demand for Flow's products and services and would adversely affect its growth rate and profitability.

If Flow is unable to complete the upgrades to its information technology systems that are currently in process, or its upgrades are unsuccessfully implemented, Flow's future success may be negatively impacted.

In order to maintain its leadership position in the market and efficiently process increased business volume, Flow is making a significant multi-year upgrade to its computer hardware, software and its Enterprise Resource Planning, or ERP, system. Should Flow be unable to continue to fund this upgrade, or should the ERP system upgrade be unsuccessful or take longer to implement than anticipated, Flow's ability to grow the business and its financial results could be adversely impacted.

International economic, political, legal and business factors could negatively affect Flow's results of operations, cash flows and financial condition.

In 2008, approximately 55% of Flow's sales were derived outside the U.S. Since its growth strategy depends in part on Flow's ability to further penetrate markets outside the U.S., Flow expects to continue to increase its sales outside the U.S., particularly in emerging markets. In addition, two of its manufacturing operations and many of its suppliers are located outside the U.S. Flow's international business is subject to risks that are customarily encountered in non-U.S. operations, including:

interruption in the transportation of materials to Flow and finished goods to its customers;

changes in a specific country's or region's political or economic conditions;

trade protection measures;

import or export licensing requirements;

unexpected changes in laws or licensing and regulatory requirements, including negative consequences from changes in tax laws;

limitations on ownership and on repatriation of earnings;

difficulty in staffing and managing widespread operations;

differing labor regulations;

differing protection of intellectual property; and

terrorist activities and the U.S. and international response thereto.

Any of these risks could negatively affect Flow's results of operations, cash flows, financial condition and overall growth.

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Changes in Flow's tax rates or exposure to additional income tax liabilities could affect its profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

Flow is subject to income taxes in the U.S. and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Flow's effective tax rate can be affected by changes in the mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, accruals related to unrecognized tax benefits, the results of audits and examinations of previously filed tax returns and changes in tax laws. Any of these factors may adversely affect Flow's tax rate and decrease its profitability. The amount of income taxes Flow pays is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in assessments different from Flow's unrecognized tax benefits, Flow's future results may include unfavorable adjustments to its tax liabilities.

Flow may not be able to retain or hire key personnel.

To operate successfully and manage potential future growth, Flow must attract and retain qualified managerial, sales, technical and other personnel. Flow faces competition for and cannot assure that it will be able to attract and retain such qualified personnel. If Flow loses key personnel or is unable to hire and retain additional qualified personnel, Flow's business, financial condition and operating results could be adversely affected.

Flow's inability to protect its intellectual property rights, or Flow's possible infringement on the proprietary rights of others, and related litigation could be time consuming and costly.

Flow defends its intellectual property rights because unauthorized copying and sale of Flow's proprietary equipment and consumables represents a potential loss of revenue to Flow. From time to time Flow also receive notices from others claiming Flow infringes their intellectual property rights. The number of these claims may grow in the future, and responding to these claims may require Flow to stop selling or to redesign affected products, or to pay damages. A portion of the cash consideration payable to OMAX shareholders at closing will be used to satisfy OMAX's fees and expenses of legal counsel in relation to OMAX's patent infringement suit filed against Flow in November 2004.

Foreign currency exchange rates and commodity prices may adversely affect Flow's results of operations and financial condition.

Flow is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and commodity prices. Flow has substantial assets, liabilities, revenues and expenses denominated in currencies other than the U.S. dollar, and to prepare its consolidated financial statements, Flow must translate these items into U.S. dollars at the applicable exchange rates. In addition, Flow is a large buyer of steel, as well as other commodities required for the manufacture of products. As a result, changes in currency exchange rates and commodity prices may have an adverse effect on Flow's results of operations and financial condition.

If Flow cannot obtain sufficient quantities of materials, components and equipment required for its manufacturing activities at competitive prices and quality and on a timely basis, or if its manufacturing capacity does not meet demand, Flow's business and financial results will suffer.

Flow purchases materials, components and equipment from third parties for use in its manufacturing operations. Some of Flow's businesses purchase their requirements of certain of these items from sole or limited source suppliers. If Flow cannot obtain sufficient quantities of materials, components and equipment at competitive prices and quality and on a timely basis, Flow may not be able to produce sufficient quantities of product to satisfy market demand, product shipments may be delayed or Flow's material or manufacturing costs may increase. In addition, because Flow cannot

always immediately adapt its cost structures to changing market conditions, its manufacturing capacity may at times exceed its production requirements or fall short of its production requirements. Any or all of these problems could result in the loss of customers, provide an opportunity for competing products to gain market acceptance and otherwise adversely affect Flow's business and financial results.

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If Flow cannot develop technological advancements to its products through continued research and development, Flow's financial results may be adversely affected.

In order to maintain its position in the market, Flow needs to continue investment in research and development to improve its products and technologies and introduce new products and technologies. If Flow is unable to make such investment, if Flow's research and development efforts do not lead to new and/or improved products or technologies, or if Flow experiences delays in the development or acceptance of new and/or improved products, Flow's financial condition and results of operations could be adversely affected.

Flow's reputation and its ability to do business may be impaired by improper conduct by any of its employees, agents or business partners.

Flow cannot provide assurance that its internal controls will always protect it from reckless or criminal acts committed by its employees, agents or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, competition, money laundering and data privacy. Any such improper actions could subject Flow to civil or criminal investigations in the U.S. and in other jurisdictions, could lead to substantial civil or criminal, monetary and non-monetary penalties against Flow or its subsidiaries, and could damage Flow's reputation.

Risks Related to Ownership of Flow Common Stock

The price of Flow's common stock may be volatile.

The market price of Flow's common stock may be influenced by many factors, many of which are beyond its control, including those described above under "Risk Related to our Industry and Business" and the following:

fluctuations in general economic conditions;

demand for ultrahigh-pressure pumps and ultrahigh-pressure systems generally;

fluctuations in the capital budgets of customers; and

development of superior products and services by Flow's competitors.

In the past, Flow's operating results have fluctuated significantly from quarter to quarter and may continue to do so in the future due to the factors above and others that are disclosed elsewhere in this proxy statement/prospectus. Flow's operating results may in some future quarter fall below the expectations of securities analysts and investors. In this event, the trading price of Flow's common stock could decline significantly. In addition, factors within Flow's control, such as its ability to deliver equipment in a timely fashion, have caused its operating results to fluctuate in the past and may affect Flow similarly in the future.

The factors listed above may affect both Flow's quarter-to-quarter operating results as well as its long-term success. Given the fluctuations in its operating results, you should not rely on quarter-to-quarter comparisons of Flow's results of operations as an indication of Flow's future performance or to determine any trend in Flow's performance. Fluctuations in its quarterly operating results could cause the market price of and demand for Flow's common stock to fluctuate substantially.

Flow has outstanding options, and restricted stock units that have the potential to dilute the return of Flow's existing common shareholders and cause the price of Flow's common stock to decline.

Flow has granted stock options to its employees and other individuals. At January 2, 2009, Flow had options outstanding to purchase 820,010 shares of its common stock, at exercise prices ranging from \$5.71 to \$12.13 per share. In addition, Flow has compensation plans with certain employees that granted those employees common stocks or restricted stock units totaling 494,428 shares as of January 2, 2009.

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Washington law and Flow's charter documents may make an acquisition of Flow more difficult.

Provisions in Washington law and in Flow articles of incorporation, bylaws, and rights plan could make it more difficult for a third-party to acquire us, even if doing so would benefit Flow shareholders. These provisions:

establish a classified board of directors so that not all members of Flow's board are elected at one time;

authorize the issuance of blank check preferred stock that could be issued by Flow's board of directors (without shareholder approval) to increase the number of outstanding shares (including shares with special voting rights), each of which could hinder a takeover attempt;

provide for a Preferred Share Rights Purchase Plan or poison pill ;

impose restrictions on certain transactions between a corporation and certain significant shareholders;

provide that directors may be removed only at a special meeting of shareholders and provide that only directors may call a special meeting;

require the affirmative approval of a merger, share exchange or sale of substantially all of Flow's assets by two-thirds of Flow's shares entitled to vote; and

provide for 60-day advance notification for shareholder proposals and nominations at shareholder meetings.

Risks Related to OMAX

The amount and value of any stock consideration may vary.

You will not know the precise value of the Flow common stock you will receive in the merger when you vote on the merger, and since the number of shares of Flow common stock to be exchanged for each share of OMAX common stock has not yet been fixed and may vary depending on the market value of Flow stock during the ten-day trading period prior to the merger and then, if Flow elects to pay the contingent consideration in Flow common stock, for the six-month period ending thirty-six months after the closing of the merger, you will not know the value of the Flow common stock to be received by OMAX shareholders as contingent consideration, if any, prior to voting on the merger. See *Merger Consideration* beginning on page 43.

OMAX shareholders will be taxed on their gain in connection with the merger.

You generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the value of the Flow shares received at the time you receive such shares over your tax basis for your OMAX shares surrendered in the exchange. See *Material U.S. Federal Income Tax Consequences* beginning on page 37.

The per share merger consideration will be affected by the exercise of stock options by option holders prior to the effective time of the merger.

The per share merger consideration will be affected by the exercise of stock options by option holders prior to the effective time of the merger, and all option holders who exercise their stock options prior to the effective time of the merger will reduce the consideration paid to each shareholder in the merger. As of January 2, 2009, there were options for approximately 1,499,350 shares outstanding at this time and all option holders are expected to exercise their

options prior to the merger.

OMAX shareholders may not receive any contingent consideration.

Payment of contingent consideration in relation to the merger will depend on the average trading price of Flow common stock during the period between the last day of the sixth full month after the closing and the last day of the thirty-fifth full month after closing. If the average share price as of the second anniversary of the closing of the merger is below the requisite threshold price, the former OMAX shareholders will not be entitled to any contingent consideration. See Merger Consideration beginning on page 43.

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The market price of shares of Flow common stock may be affected by factors that are different from those affecting the value of shares of OMAX common stock.

Some of Flow's current businesses and markets differ from those of OMAX and, accordingly, the results of operations of Flow after the merger may be affected by factors different from those currently affecting the results of operations of OMAX. For a discussion of the businesses of Flow and OMAX and of certain factors to consider in connection with those businesses, see Information Regarding OMAX's Business, beginning on page 62, and the documents incorporated by reference into this document and referred to under Where You Can Find More Information beginning on page 114.

PROPOSAL ONE THE MERGER

Background of the Merger

The OMAX board of directors and management have periodically reviewed and discussed OMAX's business performance and strategic direction, including OMAX's short and long term prospects in the context of developments in the machine tool industry and the competitive landscape in the markets in which OMAX operates. The OMAX board of directors and management have also, at times, discussed various potential strategic alternatives involving possible transactions, acquisitions or other business combinations. In this regard, the management of OMAX has from time to time received communications from and communicated informally with representatives of several possible strategic partners regarding industry trends and issues, their respective companies' strategic directions and the potential benefits and issues arising from potential business combinations or other strategic transactions. In particular, Dr. John B. Cheung, President & CEO, had very preliminary discussions with two international equipment manufacturers, in addition to preliminary discussions with the prior CEOs of Flow, several times over the past four years. The discussions with the other two possible strategic partners indicated that while the suitor companies were potentially interested in a transaction with OMAX, they were unable to make a business and economic evaluation of the OMAX/Flow patent litigation and therefore were not discussing pricing multiples that were of particular interest to Dr. Cheung or the OMAX shareholders, and these discussions did not result in any substantive negotiations with those companies. As a result of these preliminary discussions, it was clear to Dr. Cheung and the OMAX board of directors that the difficulties in evaluating the OMAX/Flow patent litigation precluded any substantive negotiations with otherwise interested parties at a price that would be of interest to OMAX shareholders. Similarly, Dr. Cheung's conversations with Flow's CEOs prior to April 2007 were not able to focus on the realistic possibility of a transaction because of the substantive issues raised by the allegations of patent infringement related to the ongoing OMAX/Flow patent litigation.

In late August 2007, Mr. Charles Brown, the new president and CEO of Flow, contacted Dr. Cheung, president and CEO of OMAX, and arranged a meeting of the two CEOs. At this initial meeting of the two CEOs, they discussed the growing market for the water jet product and the new international competition which was entering the market. They also discussed the advantages of combining the two businesses in order to better compete in the expanding national and international cutting tool markets. Dr. Cheung noted his concerns regarding the turbulent history between the two companies, as manifested by their competitive rivalry and the ongoing patent infringement action initiated by OMAX. Mr. Brown stated that one of the first actions he was taking as CEO was to promote his own principle-based culture, which he expressed as being compatible with OMAX's own culture as described by Dr. Cheung. The two CEOs briefly discussed a possible transaction and then, during two more meetings within the next two weeks, the CEOs discussed possible pricing for a merger transaction. Their initial discussions indicated that both parties were in a general range of agreement based on possible multiples of revenues and earnings, a recognition of the potential of both companies and an understanding, albeit not agreement, regarding the effect of the OMAX/Flow patent litigation on pricing. Mr. Brown noted that while there would be potential anti-trust issues that might apply to a possible transaction, he had briefly discussed those issues with Flow counsel and he believed anti-trust issues would not be a fundamental barrier

to a transaction. At the conclusion of this meeting Messrs. Cheung and Brown agreed that there appeared to be a basis for additional meetings to further discuss and possibly structure a potential transaction.

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Following the meetings between Dr. Cheung and Mr. Brown, Dr. Cheung and Dr. John H. Olsen and James M. O Connor, the other two senior officers and members of the OMAX board of directors, had several discussions regarding OMAX's current business plan and options and the possibility of a transaction combining OMAX and Flow. All three director/officers had substantial long standing knowledge regarding Flow because of their prior affiliation with Flow and its predecessor companies, the competition between the two companies, the proximity of their operations in Kent, Washington and the publicly available information from Flow's SEC filings. These officers/directors also discussed the possible structure for a merger of the two companies. Of particular concern to all three officers was the past history of animosity and competition between the two companies and their different cultures. Dr. Cheung noted the apparent sincerity of Mr. Brown's intent to break with past antagonism between the two companies (a history that Mr. Brown did not share, given his recent entry to the industry), and to offer instead a transaction which would illustrate the opportunity created from joining together the two strongest companies in the industry. OMAX's directors agreed that further discussions between the CEOs made sense for the companies, and for all parties interested in OMAX's success, including its employees, shareholders, clients, vendors and other associates.

The two CEOs met again on September 12, 2007. At this meeting the two CEOs talked frankly about possible pricing and although Mr. Brown was considering a possible price of \$110 million plus a \$30 million earn-out as the top range of an offer, based on the preliminary financial and other information available to Flow; as Dr. Cheung was considering \$120 million plus a \$30 to \$40 million earn-out as the low end of what he believed reasonable, both CEOs recognized that they were in the same general range of agreement. At this meeting Dr. Cheung stressed the importance that he and the other OMAX executive officers and directors placed on the need for Flow to pay a substantial fee if OMAX provided due diligence material to Flow, one of its major competitors, and if Flow, after receiving these due diligence materials, were to terminate discussions regarding a final transaction. OMAX management was concerned about the effect that the appearance of agreeing to sell OMAX to a larger competitor would have on OMAX's employees, distributors and customer base even though Mr. Brown had clearly stated his intent to maintain the existence of the OMAX product, employees, and distribution system following a transaction. Mr. Brown stated that he could not provide for such payments in excess of a \$6 million walk-away fee on signing a letter of intent or option, together with another \$3 million payable following clearance of the possible anti-trust issues. Following further negotiations, Mr. Brown and Dr. Cheung agreed on a \$110 million price at an initial closing of the transaction, \$75 million of which would be in cash and the rest in Flow stock, and with earn-out potential remaining. Negotiations regarding the payment in stock were resolved with a preliminary agreement that they would both consider pricing for the payment in Flow stock to be reasonable on the basis of a deemed \$12.00 valuation for Flow shares that would be issued at closing. Therefore a payment of 3,750,000 shares of Flow common stock, to be paid at closing, appeared to be a reasonable basis for valuing Flow shares to be issued at closing. At this meeting, the CEOs agreed that further discussions would be necessary to determine the basis for the earn-out although there was a general agreement that a goal of additional Flow shares that could have a value of approximately \$30 million, if the combined companies met their expectations, would be appropriate. At this time discussions centered on an earn-out based upon potential EBITDA goals for either OMAX as a subsidiary or for the combined companies. They tentatively agreed that their mutual expectations were that the market value of the stock of the combined companies should increase to \$15.00 a share within two years following the closing of a transaction.

Following this meeting the executives of both companies initiated discussions between the companies' management and legal counsel regarding the terms pursuant to which OMAX would provide additional due diligence materials to Flow and its independent advisors and further discussions regarding the general terms of a merger transaction. OMAX consulted with its legal advisors regarding possible anti-trust issues to be considered and resolved with respect to a merger with Flow. Both companies determined that it appeared reasonable to proceed with further merger negotiations on the basis that any meaningful determination regarding the Federal Trade Commission's potential approval or opposition to a transaction could only be ascertained following the completion of an initial letter of intent or similar written agreement between the companies and submission of the transaction to the FTC for its review.

On September 14, 2007, Mr. Brown advised Dr. Cheung by email that he had reviewed a summary of the terms the two CEOs had tentatively approved with the Flow board of directors and indicated that the Flow board of

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directors seemed favorably inclined toward the terms set forth in the summary. Mr. Brown noted that the next steps would be to: (i) initiate a fairly extensive due diligence review in view of their understanding that an irrevocable payment of \$6 million would be paid upon the execution of an option or letter of intent; (ii) agree to put the patent litigation on hold while the two companies continued to negotiate a transaction; (iii) prepare and agree upon a letter of intent or option agreement summarizing the transaction; and (iv) have legal counsel pursue clearance for the Hart-Scott-Rodino issues. Following this exchange and additional discussions by OMAX officers/directors, both companies agreed to proceed with the due diligence process and then to the drafting and execution of a letter of intent or option agreement. Mr. Brown also expressed his agreement in principle to Dr. Cheung's concern that, in general, following the closing of a transaction, Flow would maintain OMAX's employees and would generally work to maintain both OMAX's product and its distribution network. As one element of this agreement, Dr. Cheung requested and Mr. Brown agreed that Flow would work with OMAX executives to create a bonus retention program, funded from the merger consideration at the closing of the proposed transaction, to retain OMAX employees.

On September 26, 2007, the OMAX board of directors had an informal meeting with OMAX's outside accounting firm and discussed the various structural alternatives for a transaction and the possible tax aspects and ramifications of the various alternatives. The board and accountants also discussed some secondary possible transaction matters such as the outstanding employee options. The board members agreed to pursue additional negotiations for a possible transaction with Flow subject to there being strict limitations and safeguards regarding the disclosure of due diligence information to Flow.

Management and company counsel for both companies negotiated and drafted during the entire month of October 2007. Restrictions were also established for the access to summaries of specified categories of due diligence documents and information.

Following the execution and delivery of the Nondisclosure Agreement and the Agreement on Confidentiality of Settlement Communications on October 24, 2007, OMAX made available to Flow and/or its independent advisors, copies of the three categories of information that OMAX agreed to provide prior to the execution of an option agreement or letter of intent setting forth the terms of the proposed transaction.

On November 2, 2007, a number of meetings and further negotiations occurred between OMAX and its counsel and Flow and its counsel that were necessary to complete the details of an exclusive option agreement.

On November 14, 2007, Mr. O'Connor and Mr. Brown, John Leness, Flow's general counsel, University of Washington economist Keith Leffler, and outside counsel met in Flow's booth at the Fabtech trade show in Chicago to discuss strategy for addressing possible competition issues that might arise from a possible merger of the two companies.

OMAX management became concerned in mid-November that a lower market price for the Flow common stock, which had fallen from around \$9.00 a share during the middle of September, 2007 to approximately \$7.75 on November 13, 2007, had altered the economics with respect to both the fixed number of shares to be paid at closing and the intended value of the contingent shares, since the September discussions had assumed a market value of approximately \$12.00 for the closing of the transaction and an achievable market value of approximately \$15.00 for the combined companies with two years following a \$12.00 value closing. On November 15, 2007, Dr. Cheung expressed the OMAX board's concerns regarding Flow's stock price to Mr. Brown and requested a floor for the stock consideration to be received by OMAX shareholders at closing and at the time of the calculation of the earn-out.

A revised version of the option agreement, that included a dollar floor value, tentatively set at \$33,750,000, with respect to the market value of Flow's stock to be conveyed at closing and also with respect to the calculation of the contingent payment or earn-out, was circulated by both parties on during mid-November 2007. This revised draft also included a requirement that certain major OMAX shareholders, intended to include shareholders with a majority vote,

would vote for a definitive merger agreement following acceptance of a negotiated agreement by the boards of both companies and the execution of a definitive merger agreement. The revised draft also noted, in accordance with a suggestion that Mr. Brown had previously made to Dr. Cheung, that the Flow board of directors would be expanded following closing of the transaction so that Dr. Cheung could be added.

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On November 26, 2007, Dr. Cheung and Mr. O Connor, following a meeting with OMAX's independent accountant regarding various tax aspects of the transaction and the issue of tax policy differences, had a meeting with Flow and its counsel and a third party independent accounting firm. The parties discussed the effect of the possible state tax policy differences on the purchase terms set forth in the proposed option agreement and agreed that a separate escrow would be established to cover the possibility of certain state tax issues, to the extent such matters were not otherwise concluded by the time of a transaction closing.

During late November 2007, the OMAX board of directors determined unanimously not to retain an investment banker or other advisor to participate in structuring the terms of the proposed merger or to market OMAX. The OMAX board of directors also determined that, given the substance of the initial discussions with Flow, the board of directors would likely not seek a fairness opinion regarding the terms of the proposed transaction as negotiated by Dr. Cheung. This determination was based upon a number of factors including: (i) the board of directors understanding of the industry and the strategic possibilities with respect to the industry; (ii) their depth of knowledge regarding both OMAX and its competitor Flow, and the unique opportunity for substantial synergies that could be realized from combining the two largest companies in the industry; (iii) current market conditions and their determination regarding the value of the proposed Flow transaction to OMAX shareholders based upon market valuations of other companies in similar industries; (iv) information received in July 2007 from a Seattle business valuation firm, which provided a valuation for the minority shares of OMAX, which valuation was affected by the uncertainty introduced by the patent litigation with Flow; and (v) the uncertainty any independent investment banker or other possible buyer would have, without this detailed knowledge of the industry, of the respective companies and the litigation between them, in evaluating the substantial aggregate effect of these factors on the value of OMAX.

On November 30, 2007, Mr. O Connor and OMAX's legal counsel met with Douglas P. Fletcher, then Flow's CFO, Mr. Leness, and Flow's counsel, to finalize the terms of the option agreement.

A special telephonic meeting of the OMAX board of directors was held on December 1, 2007 for a final review of the letter option agreement and the terms of the transaction. The board of directors discussed the proposed transaction and its ramifications on OMAX, its shareholders, employees, distributors, vendors and customers, and following such discussion, unanimously approved a motion to proceed with the negotiation of the final option agreement.

On December 4, 2007, the definitive option agreement was executed by the CEO of each company.

A joint press release was issued on December 5, 2007 stating that Flow and OMAX had signed the option agreement contemplating the merger of the two companies.

On December 11, 2007, counsel to Flow distributed a revised draft merger agreement reflecting the terms of the proposed merger agreement as set forth in the option agreement.

On December 18, 2007 OMAX responded to the draft merger agreement circulated by Flow on December 11, 2007, relating various issues and concerns with the draft agreement and discussing the proposed structure of the merger and the effect of the merger and the publicity regarding the proposed merger on OMAX and its operations, tax situation, employees, distributors, clients, vendors and shareholders. The key issues of concern to OMAX were: (i) the definition, amount and effect of the required working capital at closing; (ii) the allocations of taxes and interest on the escrow amounts; (iii) the distribution of income tax refunds resulting from the proposed exercise of options; (iv) the time period for termination of the representations and warranties; and (v) OMAX's concerns regarding distributors after an announcement of a transaction with Flow (which does not generally use independent distributors). OMAX counsel and Mr. O Connor sent revised drafts of the merger agreement to Flow and its counsel reflecting modifications requested by OMAX.

On December 19, 2007, Mr. O Connor and OMAX counsel met with Mr. Fletcher and Flow counsel and discussed the proposed merger agreement and OMAX s proposed changes. At the termination of that meeting, there appeared to be a relatively limited number of items that were still to be negotiated, although these items were material to resolution of a definitive merger agreement.

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On March 18, 2008, Mr. O Connor and OMAX's counsel met with Mr. Fletcher and Flow's counsel and accountants to discuss those open items remaining to be resolved for a definitive merger agreement. The parties also discussed the need for OMAX financial information which would be compliant for SEC registration and reporting purposes. It was decided that a weekly telephone or in person conference should be scheduled to coordinate finalization of the definitive merger agreement, preparation of the SEC filing materials and the required financial statements.

On March 20, 2008, Mr. O Connor, Mr. Leness and outside counsel met with the FTC regarding possible settlement issues, including licensing OMAX patents.

On March 27, 2008, Dr. Cheung and Mr. Brown met and discussed the final substantive issues remaining to finalize the merger agreement and discussed potential scheduling for closing the transaction. The two CEOs also discussed proposed operations of the joint companies following closing of the proposed merger and OMAX's concern that public announcements regarding the transaction emphasize the intent by both companies to continue to support OMAX's employees, product lines and distributor system.

On April 22, 2008, the OMAX financial team discussed with the Flow financial team the audited OMAX financial statements that would be required to be included in the S-4 registration statement to be filed with the SEC, including re-audits for the calendar years ended 2005 and 2006, and the need for OMAX to retain an accounting firm that was authorized to prepare financial statements for an SEC filing. This was required as OMAX's previous accounting firm was not an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Following this meeting, the OMAX board of directors authorized Peterson Sullivan LLP to expand its services to include both the audit of calendar 2007 financial results, along with the re-audit for 2005 and 2006.

On April 29, 2008, the OMAX board of directors discussed and unanimously concurred in their prior decision that a fairness opinion from an investment banker or similar expert retained by OMAX was not essential to the OMAX board of directors' conclusion that the proposed transaction was fair to the OMAX shareholders.

That same day, Mr. O Connor met with Flow's financial advisors to discuss matters posed by them in connection with their review of the proposed transaction.

On April 30, 2008, the CFOs met and discussed open items that remained with respect to the merger agreement, and reached general agreement on each such item. Those issues particularly included a determination of the method of calculation for working capital to be provided by OMAX at closing and the characteristics and duration of indemnification provided to Flow by OMAX shareholders post-closing.

On May 5, 2008, OMAX was provided with a copy of a revised draft merger agreement which had been provided to the Flow board of directors for their preliminary review. With the exception of the language regarding the payment to be made to option holders, net of their exercise price for their options, the draft was materially in accordance with the discussions between the officers of both OMAX and Flow.

On May 12, 2008, during a regularly scheduled conference call with the CFOs of both companies, the parties discussed the progress of Peterson Sullivan LLP on the re-audit of 2005-2006, and the effect of the updating requirements for new financial statements on the timing for the preparation of the S-4 registration statement. The CFOs also discussed the anticipated schedule for completion of the merger agreement and other outstanding administrative issues to occur following the approval of the transaction by the FTC. The parties discussed additional due diligence to be undertaken by Flow before the final merger agreement could be finalized.

On June 9, 2008, on the regularly scheduled conference call, the CFOs of both companies and certain advisors discussed primarily the consent agreement that had been reached with the FTC staff and the press release that would

be issued by Flow upon approval by the FTC of a consent agreement and authorization to proceed with the merger. The parties discussed the need for further due diligence by Flow and its representatives and discussed the terms of the supplemental confidentiality agreement.

On June 13, 2008, the CEOs of both companies conferred and agreed upon language for the supplemental confidentiality agreement which would allow certain Flow officers to review confidential due diligence material

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which OMAX had previously made available solely to Flow's independent advisors. Also on June 13, 2008, counsel to Flow provided a draft escrow agreement for an employee retention pool, which OMAX directors had determined to fund with certain consideration to be paid by Flow at the closing of the merger and which would otherwise go to shareholders. The pool was to be funded in order to provide an incentive for OMAX employees to stay with OMAX following the closing of the merger, so as to assist the OMAX shareholders in the realization of the contingent consideration.

On July 10, 2008, the FTC approved a consent order resolving a complaint it filed the same day charging that Flow's acquisition of OMAX would be anticompetitive and in violation of the federal antitrust laws. The consent order provided that the merger could proceed so long as Flow granted a royalty-free license to two OMAX patents relating to the controllers used in the water jet cutting systems. Flow issued a press release the same day announcing the FTC consent order and noting that Flow and OMAX could now focus on the definitive merger agreement and related SEC filings. Flow's CEO also noted the prospects for dynamic growth supported by even better products and customer service, particularly including the OMAX product line and independent distribution network.

On July 15, 2008, the OMAX board of directors met, together with Mr. Charles Bracken, an observer representing OMAX's second largest shareholder. The board reviewed OMAX's current marketing, sales, operations and financial situation and then authorized Dr. Cheung and Mr. O'Connor as a committee to finalize the merger agreement with Flow and authorized such officers to prepare and execute all documents necessary to proceed with the merger transaction. The board also approved and ratified the actions of Mr. O'Connor, as Plan Administrator for OMAX's option plan, in authorizing the exercise by employees of certain of their OMAX stock options for notes payable to OMAX.

On July 28, 2008, Mr. Brown and Dr. Cheung met and discussed and tentatively agreed upon modifications to the stock consideration structure, as originally contemplated in the option agreement, including the targets for the contingent payments, the terms of the escrow agreement to be established at closing and certain indemnification provisions set forth in the then existing draft merger agreement in view of the current economic conditions of the market and the current market value for Flow's common stock. Those changes primarily addressed:

a) the cash to be immediately remitted at closing to OMAX shareholders was increased by \$3.75 million, by decreasing the total escrowed funds at closing to \$9.45 million (from the previous \$13.2 million) and merging the two escrows into one. The two earlier escrows had been subject to a \$1.0 million deductible for one of the escrow, but no deductible for the other special escrow; with unspent escrowed funds available for distribution on the first and second annual anniversary of the closing, respectively. This was modified to a single deductible of \$500,000 for the one surviving escrow; which will be available for release to OMAX shareholders, eighteen months following the closing, if the funds have not been otherwise been utilized by Flow for undisclosed liabilities;

b) the value of Flow shares to be remitted at closing was reduced by \$3.75 million, to \$30 million (the threshold price now set at \$8.00 for 3,750,000 shares from the earlier setting of \$9.00 per Flow share); and

c) a decrease in the trigger price for the contingent shares issuable two years following the closing, to \$12.00 (previously \$13, when no additional shares are issuable) to \$14.00 (previously \$15, when 1,733,334 additional shares were issuable), with a linear change in shares issuable for a change in the market price for Flow shares between \$12 to \$14. The trigger pricing could still be set at \$13 to \$15 for a determination of contingent Flow shares issuable, presuming the closing price of Flow shares was at or above \$9.00.

On August 15, 2008, OMAX circulated drafts of the disclosure schedules to Flow and counsel to Flow for their review. OMAX agreed that the information in the schedules, some of which had previously not been authorized for dissemination to Flow employees as due diligence material, could be reviewed by those Flow officers working

directly on the merger negotiations and documents.

On August 19, 2008, the CFOs of both companies met for lunch and discussed issues and opportunities with respect to the eventual operational integration of Flow and OMAX. The CFOs also discussed the basics of an appropriate press release that would be issued upon the signing of the merger agreement.

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On August 29 and 30, 2008, Flow provided a new merger agreement with minor revisions that had been discussed by the parties and also circulated draft employment and non-competition agreements to OMAX officers Cheung, Olsen and O Connor, who are to have written employment agreements with Flow following the merger.

On September 5, 2008, the CFOs and their advisors met at the offices of Flow's counsel to address certain final issues and questions regarding the merger agreement and draft disclosure schedules and certain issues raised by those documents including the tax aspects of the option exercise. The participants discussed certain structural and timing matters with respect to the execution of the merger agreements and the proposed OMAX employee retention pool.

On September 8, 2008, counsel to OMAX circulated OMAX's definitive disclosure schedules which would be attached to the merger agreement and counsel to Flow circulated the definitive merger agreement.

On September 8, 2008, the OMAX board of directors, together with board observer Charles Bracken from The B-L Holding Company, met as a board and discussed the definitive merger agreement and related merger matters. Following a thorough discussion, the board of directors unanimously approved the merger agreement. The board of directors also approved certain possible aspects of the proposed exercises of stock options by employees in connection with the closing.

On September 9, 2008, the Flow board of directors met with Dr. Cheung in Chicago at a scheduled Flow board meeting. Following a final review of the merger agreement, the merger agreement was executed by Dr. Cheung and Mr. Brown as CEOs of both companies.

On October 30, 2008, Mr. Brown requested a meeting with Dr. Cheung, where the two CEOs discussed the highly unusual and detrimental economic situation affecting the U.S. and world economies. The CEOs discussed the broad decline in the equity security markets and the difficulty many businesses were experiencing in spite of the rescue attempts by the U.S. government, as well as the potential effects of this material economic decline on both Flow and OMAX. Dr. Cheung and Mr. Brown discussed the necessity and appropriateness of amending the merger agreement in view of this severe economic situation. The CEOs also considered in their analysis that short term economic prospects for manufacturing both in the U.S. and globally would have a negative impact on any alternatives they might consider. Dr. Cheung noted that any amendment would need to permit OMAX shareholders the continued opportunity to potentially realize the same maximum value for their shares, including through future contingent payments.

On October 30- and 31, 2008, Mr. Brown and Dr. Cheung met and discussed and tentatively agreed upon modifications to the consideration structure of the merger agreement, including changes in both the cash and Flow shares due OMAX shareholders at closing, the targets for the contingent payments, the time period to meet those targets and the terms of the escrow agreement to be established at closing. Those changes primarily addressed:

- a) the cash to be paid at closing to OMAX shareholders, which was decreased \$4 million to \$71 million. Also, the amount of escrow to be held for possible indemnification for undisclosed liabilities during a period ending eighteen months after closing, was decreased by \$1 million to \$8.45 million;
- b) the market value of Flow shares to be remitted at closing was reduced by \$26 million, from \$30 million to \$4 million, with the number of shares issuable to be determined at closing, based upon the market price of Flow shares prior to closing;
- c) the value of contingent consideration available to OMAX shareholders was increased by \$26 million to \$52 million and the right to individually exercise for such contingent consideration was provided to each previous OMAX

shareholder, pro rata to their former holdings in all of the OMAX shares converted at closing. Under the proposed amendment, and so long as the average daily closing share price of Flow's common stock for the trailing six month period quoted on the NASDAQ Global Market is equal to or greater than \$7.00 at the time of election, then a former OMAX shareholder may elect to obtain their pro rata share of such contingent consideration, on a monthly basis on or before the three year anniversary of the closing. Electing former OMAX shareholders receive, as of the time of their election, their pro rata interest in:

i) an additional \$5 million; and

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ii) if the trailing six-month period quoted on the NASDAQ Global Market is greater than \$7.00, then the pro rata interest of an amount between \$5 million and \$52 million, derived on a straight line interpolation basis of the trailing six-month period quote for Flow on the NASDAQ Global Market, between \$7.01 and \$14.00 at the time of the election, but not later than three years from the date of closing.

The parties considered that this revised transaction would still provide significant opportunity for the OMAX shareholders to realize the basic original objectives in value over time for their OMAX shares. This would be accomplished by doubling the value of contingent consideration from \$26 million to \$52 million and by expanding the window in which the contingent consideration could be realized from two to three years. Additionally, OMAX shareholders were afforded the opportunity to make an individual election to exercise for their pro rata contingent consideration, as in effect at the time of an interim election, depending upon their own individual investment objectives and determinations.

On November 5, 2008, the OMAX board of directors, together with board observer Charles Bracken from The B-L Holding Company, met as a board and discussed the proposed amendment and related merger matters. Following a thorough discussion, the board of directors approved the amendment to the merger agreement.

Reasons for the Merger

OMAX's Reasons for the Merger

The OMAX board of directors, at its meeting held on September 8, 2008, and as further supplemented by its meeting on November 5, 2008, gave final consideration to the merger agreement, as amended, and determined it to be fair, and in the best interests of OMAX and its shareholders, particularly in light of the most recent substantial and serious reversal in financial and manufacturing markets. Listed below are the material factors, both positive and negative, that the OMAX board of directors considered in its decision. Although the OMAX board of directors did not assign any absolute or relative weight to the factors listed below, the board of directors determined that the consideration to be paid to shareholders at closing constituted a maximized return for shareholders, and that a combination with Flow was timely, particularly in view of the substantial costs and risks to both companies of the ongoing patent litigation with Flow. The OMAX board of directors agreed that the prospects for the combined company over the next three years provided an opportunity for substantial additional return for shareholders.

Generally negative factors and risks considered by the OMAX board of directors included:

the risks to OMAX's ongoing business if the merger were not successfully completed or were unduly delayed;

the challenges and costs of combining two companies whose cultures and operating philosophies have been fiercely competitive for many years, the substantial expenses incurred in connection with the merger and the integration of the companies and the additional public company expenses that OMAX will be subject to following the merger;

the effect of diverting management's attention from other priorities in order to focus on the merger;

the possible risks and costs associated with the alternative of OMAX continuing to pursue a favorable outcome in the patent litigation against Flow, which has been suspended pending closing of the merger;

the possible losses of key management and employees as a result of the management-related and other changes that may be implemented in integrating the companies;

the possibility that the merger might not be completed, and the potentially adverse effects of the public announcement of the merger on OMAX's reputation, employees, distributors and ability to obtain financing in the future;

the various interests of OMAX's executive officers and directors in the acquisition apart from their interests as holders of OMAX common stock, and the risk that these interests might influence their decision with respect to the merger. See "Interests of OMAX Directors and Executive Officers in the Merger" below;

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the price volatility of Flow's common stock on the Nasdaq Global Market, which may reduce the value of the Flow stock that OMAX shareholders receive upon the consummation of the merger;

the risk that the terms of the merger agreement, especially provisions restricting OMAX's ability to solicit additional competing proposals or engage in discussions with potential competing strategic or equity interested parties, could discourage other parties that might be interested in a transaction with OMAX from proposing such a transaction; and

various other applicable risks associated with the combined companies and the merger, including those described in the "Risk Factors" section of this proxy/prospectus.

Generally positive factors considered by the OMAX board of directors included:

the OMAX board of directors' understanding of the business, operations, financial condition, earnings and future prospects of both OMAX and Flow and the enhanced prospects for a combined company;

the opportunity the merger presents to strengthen combined research capabilities and offer other benefits of scale and financing capability for the combined company, and to enable the combined company to offer customers a broader range of products in waterjet lines;

the current and prospective economic and competitive environment facing OMAX and the machine tool industry in general, evolving trends in technology and the cost of such technology, and the increasing importance of operational scale and financial resources in maintaining efficiency and remaining competitive over the long term;

Flow's ability to pay the merger consideration;

the merger consideration to be paid to OMAX shareholders for their shares in relation to the book value, historical earnings per share and projected earnings per share for OMAX common stock;

the fact that OMAX shareholders will receive shares of Flow common stock and participate in the continuing business prospects for the merged company;

the fact that OMAX shareholders will have an opportunity to receive additional shares of Flow common stock or cash based on the possible appreciation of the public market price for the stock of the merged company during the two-year period following the merger;

the fact that the shares of stock to be issued to OMAX shareholders will be registered with the SEC and will be freely tradable for those OMAX shareholders who are not affiliates;

the substantially greater market liquidity of Flow's common stock relative to market illiquidity of OMAX common stock;

the review by the OMAX board of directors with its legal advisors of the structure of the transaction and the financial and other terms of the merger agreement, including the consideration offered by Flow;

the nature of the respective markets, customers, asset/liability mix and operations of OMAX and Flow;

the review by the OMAX board of directors of the operations, earnings and financial condition of Flow on a historical and prospective basis and of the combined companies on a pro forma basis;

the historical and current market prices of Flow's common stock and the potential for increased earnings and dividends for OMAX shareholders as shareholders of the combined company;

the promising start to a merging of cultures between the two companies, in the treatment of each entity's employees, clients, vendors and shareholders;

Flow's agreement that one director from the OMAX board of directors would be appointed to the Flow board of directors;

Flow's intent to include OMAX management in active participation in critical management areas of the combined company; and

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Flow's intent regarding the continued employment of OMAX's employees and continued retention of OMAX's distributor system.

Flow's Reasons for the Merger

The Flow board of directors met numerous times to consider the proposed merger. The Flow board of directors gave its final approval for the execution of the merger agreement at a meeting held September 9, 2008, and approved the amendment to the merger agreement at a meeting held November 7, 2008. As it evaluated the merger, the Flow board of directors considered a number of factors, including, but not limited to, the following:

The combination of Flow and OMAX will strengthen Flow's ability to grow globally;

The potential to add OMAX's distributor channel of distribution to Flow's portfolio, expanding global market reach and strengthening Flow's position against a rapidly expanding number of global waterjet competitors;

OMAX and Flow's product lines are complimentary, with OMAX products serving the standard market segment, and Flow's serving the production and advanced segments;

The merger broadens Flow's research and product development capabilities by combining the technical resources of both companies;

The merger is expected to improve customer experience, with expanded technical service coverage;

The merger will resolve the patent litigation pending between Flow and OMAX.

Flow's board also reviewed the financial terms of the transaction in detail and with its advisors, concluding that the merger is in the best interests of Flow's shareholders. Flow expects to realize synergies following the merger from a number of sources. These include cost reductions from combining the two companies' purchasing, as well as reductions in overlapping general and administrative, sales and marketing, information technology and engineering expenses. These also include increased product development and improved offerings to customers, the expanded use of OMAX's distribution channels and Flow's direct sales force, and integrating the companies' technical service to enhance global customer service.

Recommendation of OMAX Board of Directors

The OMAX board of directors considered and evaluated the factors described above, which are not intended to be exhaustive, and other considerations and unanimously determined that the merger agreement as amended and the transactions contemplated by it were in the best interests of OMAX and its shareholders. **Accordingly, the OMAX board of directors unanimously approved the merger agreement and recommends that OMAX shareholders vote FOR approval of the merger agreement.**

No Review by an OMAX Financial Advisor

The OMAX board of directors, after due consideration of its duties and responsibilities to OMAX shareholders to thoroughly review the process leading to the sale of the company and to reasonably maximize value for shareholders in connection with such a transaction, decided not to retain a financial advisor to advise OMAX or to provide a fairness opinion regarding the terms of the merger with Flow. Under Washington law, there is no affirmative obligation for the OMAX board of directors to engage a financial advisor or to receive third-party valuations of

potential merger transactions. In making its decision not to retain a financial advisor, the OMAX board of directors determined that it and OMAX's management have the expertise and experience sufficient to adequately review and analyze the Flow offer. The OMAX board of directors considered its knowledge and expertise with respect to the factors for and against the opportunity to merge with Flow pursuant to the terms in the merger agreement. Primary among those factors were: (i) the OMAX board of directors and management's unique expertise in the waterjet industry; (ii) Flow and OMAX's understanding of the potential synergies to be derived from the merger; and (iii) OMAX's ability to perform its own valuation of the company, including an appropriate assessment of the patent litigation between Flow and OMAX and the associated risks. The OMAX board of directors also benefited from discussions with prior potential merger partners and with a valuation firm on an

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unrelated matter, and the OMAX board of directors believes such third parties did not adequately consider the value of the potential synergies of a merger with a competitor in the waterjet industry or of the effect of the patent litigation with Flow. The OMAX board of directors also reviewed the market value of similar companies, including Flow, and relevant multiples of revenues and earnings that such companies exhibit in their market prices. Following their review, the OMAX board of directors determined that it had the material facts necessary to adequately assess the terms of the merger agreement, and determined that the merger was in the best interests of OMAX and its shareholders.

Interests of OMAX Directors and Executive Officers in the Merger

In considering the recommendation of OMAX's board of directors in favor of the proposal to adopt the merger agreement, OMAX shareholders should be aware that directors and executive officers of OMAX have interests in, and will receive benefits from, the merger that are different from, or in addition to, those of OMAX shareholders generally. OMAX shareholders also need to consider the fact that: (i) Dr. John B. Cheung, one of the OMAX directors, has agreed to become a director of Flow following the merger; (ii) Dr. John H. Olsen, another OMAX director, is a founder of both OMAX and Flow (Dr. Olsen directly owns 100 shares of Flow); and (iii) all three members of the OMAX board of directors will enter into employment agreements with Flow following the merger. The OMAX board of directors was aware of these interests during its deliberations on the merits of the merger and in making its decision to recommend to OMAX shareholders that they approve the adoption of the merger agreement.

Employee Retention Pool

In conjunction with its approval of the merger agreement, the OMAX board of directors has also approved the withholding of approximately \$3.3 million of the cash consideration payable at closing, to be set aside as a employee retention pool. This amount will be held in escrow for six months, and then paid to those OMAX employees who have remained as employees with OMAX or Flow for the entire six month period and/or who did not voluntarily terminate their employment. Payments will be made pursuant to a schedule to be provided to Flow by OMAX prior to the closing of the merger. Any remainder of this employee retention pool (after all appropriate payments are made to employees) will be paid to the OMAX shareholders simultaneous with the release of the escrow amount and will not be subject to claims for indemnification.

The executive officers named below will be eligible to participate in the employee retention pool up to the following anticipated amounts:

Name	Title	Eligible Amount
John B. Cheung	Director, President and CEO	\$ 67,500
John H. Olsen	Director, Vice President of Operations	\$ 60,000
James M. O Connor	Director, Chief Financial Officer	\$ 52,500
John A. Bergstrom	Vice President of North America Sales	\$ 45,000
Sandra McLain	Vice President of Marketing	\$ 29,250
Steve O Brien	Vice President of Manufacturing	\$ 30,000

Employment Agreements

Employment Agreement with John B. Cheung. The employment agreement between Flow and Dr. Cheung will commence upon the closing of the merger. Dr. Cheung will be employed as the President of OMAX, with the responsibility to lead Flow's segment for Flow standard systems. He will also serve as a board member on the Flow board for OMAX. Dr. Cheung will receive a base salary of \$270,000 per year and will be entitled to participate in the

Flow Fiscal 2009 Annual Cash Incentive Plan for Management Employees, or CIP. Dr. Cheung will also be entitled to participate in Flow's benefit plans and programs.

If the employment agreement with Dr. Cheung is terminated by death, total disability, for cause, or by resignation without good reason, Dr. Cheung will receive his base salary through the effective date of termination, the amount of any bonus or other cash compensation earned by Dr. Cheung, and any accrued, but unused vacation

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pay. If the employment agreement is terminated by him with good reason or by Flow without cause, Dr. Cheung, in addition to the compensation described above, will receive twelve months of his base salary following the effective date of termination and reimbursement for the cost of continued health insurance premiums.

Employment Agreement with John H. Olsen. The employment agreement between Flow and Dr. Olsen will commence upon the closing of the merger. Dr. Olsen will be employed as the VP, Global Technology and Product Development of Flow, with the responsibility to manage development of technology relating to pumps, cutting systems and software. Dr. Olsen will receive a base salary of \$240,000 per year and will be entitled to participate in the Flow CIP. Dr. Olsen will be entitled to participate in Flow's benefit plans and programs.

If the employment agreement with Dr. Olsen is terminated by death, total disability, for cause, or by resignation without good reason, Dr. Olsen will receive his base salary through the effective date of termination, the amount of any bonus or other cash compensation earned by Dr. Olsen, and any accrued, but unused vacation pay. If the employment agreement is terminated by him with good reason or by Flow without cause, Dr. Olsen, in addition to the compensation described above, will receive twelve months of his base salary following the effective date of termination and reimbursement for the cost of continued health insurance premiums.

Employment Agreement with James M. O'Connor. The employment agreement between Flow and Mr. O'Connor will commence upon the closing of the merger. Mr. O'Connor will be employed as the VP, Global Technical Services of Flow, with the responsibility to develop and manage Flow's technical services function. Mr. O'Connor will receive a base salary of \$210,000 per year and will be entitled to participate in the CIP. Mr. O'Connor will also be entitled to participate in Flow's benefit plans and programs.

If the employment agreement with Mr. O'Connor is terminated by death, total disability, for cause, or by resignation without good reason, Mr. O'Connor will receive his base salary through the effective date of termination, the amount of any bonus or other cash compensation earned by Mr. O'Connor, and any accrued, but unused vacation pay. If the employment agreement is terminated by him with good reason or by Flow without cause, Mr. O'Connor, in addition to the compensation described above, will receive twelve months of his base salary following the effective date of termination and reimbursement for the cost of continued health insurance premiums.

Agreement to pay Bonus to James M. O'Connor. Mr. O'Connor will also receive a \$90,000 cash bonus in connection with the closing of the merger to compensate Mr. O'Connor for his substantial contributions in connection with the merger.

Stock Options and Related Loans

All outstanding OMAX stock options granted under or pursuant to OMAX's 1993 and 2005 Stock Option Plans will be exercisable immediately prior to a change of control of OMAX. At the effective time of the merger, each share of OMAX stock issued upon the exercise of options, as well as every other outstanding share of OMAX stock, will be converted into the right to receive the merger consideration. OMAX currently intends that loans will be available to employees with outstanding options to assist them in exercising such options. Any such loans will be secured by the OMAX shares issued upon the exercise of the options and will be payable from the merger proceeds payable to the holder of such share. OMAX executive officers will be eligible to obtain such loans.

All options under the OMAX Stock Option Plans have been amended, contingent upon the consent of the option holder, to be exercisable in full immediately prior to a change in control, and not exercisable under any other circumstance. Outstanding stock options for which such consent is not received will become fully vested and exercisable prior to the merger, either in accordance with their own terms or with the approval of the plan administrator.

Continued Director and Officer Indemnification

Following the merger, OMAX will continue to indemnify the former directors, and officers of OMAX in accordance with the present indemnification provisions of OMAX bylaws, discussed in further detail below.

Table of Contents**Summary of Awards of Directors and Executive Officers of OMAX**

The following table identifies, for each OMAX director and executive officer, as of January 2, 2009, (i) the aggregate number of shares of OMAX common stock issuable upon the exercise of vested options, (ii) the aggregate number of shares of OMAX common stock issuable upon the exercise of options subject to accelerated vesting upon the occurrence of a change of control, and (iii) the weighted average exercise price of all outstanding options.

Name	Aggregate Shares	Weighted Average	Aggregate Shares
	Subject to Outstanding Options	Price of Options (Range of Exercise Prices)	Subject to Accelerated Vesting Upon a Change of Control
John B. Cheung	63,500	\$ 1.33-\$6.00	63,500
John H. Olsen	63,500	\$ 1.33-\$6.60	63,500
James M. O Connor	57,500	\$ 1.33-\$6.00	57,500
John A. Bergstrom	66,000	\$ 1.33-\$6.00	66,000
Sandra McLain	56,500	\$ 1.33-\$6.00	56,500
Steve O Brien	50,000	\$ 1.33-\$6.00	50,000

Material U.S. Federal Income Tax Consequences**Material U.S. Federal Income Tax Consequences of the Merger to OMAX Shareholders**

This section describes the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of OMAX common stock. This summary is based upon the provisions of the Code, applicable current and proposed U.S. Treasury Regulations, judicial authorities and administrative ruling and practice, all as in effect as of the date of this statement and all of which are subject to change, possibly on a retroactive basis.

For purposes of this discussion, the term U.S. holder means a beneficial owner of OMAX common stock that is for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or (iv) an estate the income of which is subject to U.S. federal income tax regardless of its source.

Holders of OMAX common stock who are not U.S. holders may have different tax consequences than those described below and are urged to consult their own tax advisors regarding the tax treatment to them under U.S. and non-U.S. tax laws.

The U.S. federal income tax consequences to a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds OMAX common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding OMAX common stock should consult their own tax advisors.

This discussion assumes that a U.S. holder holds OMAX common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a U.S. holder in light of its personal circumstances or to U.S. holders subject to special treatment under the U.S. federal income tax laws (for example, insurance companies, dealers or brokers in securities or currencies, traders in securities who elect mark-to-market accounting, tax-exempt organizations, financial institutions, mutual funds, partnerships or other pass-through entities (and persons holding OMAX common stock through a partnership or other pass-through entity), U.S. expatriates and shareholders subject to alternative minimum tax, U.S. holders who hold OMAX common stock as part of a hedging, straddle, conversion or other integrated transaction, or a person whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. In addition, the discussion does not address any aspects of foreign, state, local, estate or gift taxation that may be applicable to a U.S. holder.

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Holders of OMAX common stock are strongly urged to consult with their own tax advisors as to the tax consequences of the merger on their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Neither Flow nor OMAX intends to request any ruling from the Internal Revenue Service as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of those set forth below.

Tax Consequences of the Merger Generally

The merger will not qualify as a reorganization within the meaning of Section 368(a) of the Code. Generally, a U.S. holder who exchanges its shares of OMAX common stock for cash and shares of Flow common stock in the merger will realize capital gain or loss equal to the difference between (i) the fair market value of the merger consideration it receives (including the value of contingent rights to receive additional cash and shares of Flow common stock after the closing) and (ii) its tax basis in the OMAX common stock, and will recognize this gain or loss at the time of the merger, subject to the installment sale rules described below. In either scenario, it is possible that a portion of any future payment in satisfaction of the contingent rights will be characterized as interest income, taxable at ordinary income rates.

Any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of OMAX common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. Any capital gain or loss generally will be short-term capital gain or loss if the U.S. holder held the shares of OMAX common stock for one year or less at the time the merger is completed. Short-term capital gain of an individual generally is subject to U.S. federal income tax at a maximum individual tax rate of 35%. The deductibility of capital losses is subject to limitations.

For a U.S. holder who acquired different blocks of OMAX common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the merger. A U.S. holder's tax basis in the shares of Flow common stock received in the merger will equal the fair market value of such shares received. The holding period for the shares of Flow common stock received in the merger will not include the holding period for the shares of OMAX common stock surrendered in the merger.

Installment Reporting of Gain

Because U.S. holders will have rights to receive payments of additional merger consideration both 18 months and up to 36 months after the closing, the exchange of shares of OMAX common stock for cash and shares of Flow common stock will likely constitute an installment sale for federal income tax purposes. There is uncertainty on this point, because the IRS has not provided definitive guidance regarding the treatment for installment sale purposes of contingent rights that are not readily tradable in an established securities market, such as the contingent right to receive additional cash and shares of Flow common stock after the closing. If the installment sale rules apply, a U.S. holder who realizes gain on the exchange of its shares of OMAX common stock in the merger, will recognize and report such gain under the installment method of Section 453 of the Code (i.e., gradually over time as payments are received), unless the U.S. holder affirmatively elects out of the installment method of reporting. For a U.S. holder who realizes loss on the exchange of its shares of OMAX common stock in the merger, the installment method of reporting is not available, and its entire loss will be recognized in the year of the closing.

The installment sale rules are complex and dependent upon the specific factual circumstances to each U.S. holder. Consequently, each U.S. holder that may be subject to these rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder, including the determination of whether such U.S. holder

should or should not elect out of the installment method of reporting.

Ordinary Income on Exchange of Certain ISO Shares

For a U.S. holder who owns shares of OMAX common stock pursuant to the exercise of an incentive stock option within the meaning of Section 422 of the Code (ISO shares), the merger could result in significantly different tax consequences with respect to those ISO shares. If the closing occurs either (i) within 2 years from the

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date of the granting of the incentive stock option to the U.S. holder, or (ii) within 1 year after the transfer of such ISO shares to the U.S. holder, then the U.S. holder's exchange of such ISO shares pursuant to the merger will constitute a disqualifying disposition of such ISO shares.

A U.S. holder who makes a disqualifying disposition of ISO shares must generally treat the income attributable to the transfer of such ISO shares to the U.S. holder on the exercise of the incentive stock option as compensation income received in the taxable year in which the disqualifying disposition occurs. Ordinary income triggered by a disqualifying disposition of ISO shares cannot be reported on the installment method. Consequently, the lesser of (i) the difference between (a) the fair market value of the ISO shares at the time of the transfer to the U.S. holder on account of the exercise of the incentive stock option and (b) the exercise price paid for the ISO shares by the U.S. holder, or (ii) the difference between (a) the amount realized on disposition of the ISO shares and (b) the U.S. holder's adjusted tax basis in such ISO shares, will constitute compensation income to the U.S. holder in the year of the closing. If alternative (a) applies, the U.S. holder's ordinary income realized on the disposition of the ISO shares will be added to its ISO stock basis to determine the capital gain that must be recognized on the disqualifying disposition. Although OMAX will not withhold income or employment taxes with respect to a U.S. holder's ordinary income triggered by the disqualifying disposition of ISO shares, it must report the amount of such ordinary income on the U.S. holder's Form W-2, even if such U.S. holder is no longer an employee of OMAX.

Circular 230 Statement. To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed within.

Accounting Treatment of the Merger

Flow will account for the merger using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations, with Flow treated as the acquiring entity. Accordingly, consideration paid by Flow will be allocated to OMAX's assets and liabilities based upon their estimated fair values as of the date of the closing of the merger. The results of operations of OMAX will be included in Flow's results of operations from the date of the closing of the merger.

The allocated purchase price at the closing of the merger excludes the fair value of the contingent consideration described above as this is not allocable to the assets and liabilities acquired until the contingency has been resolved beyond a reasonable doubt. When the contingency has been resolved and it has been determined whether any additional shares or cash will be issued or are issuable or the outcome is determined beyond a reasonable doubt, the fair value associated with this contingent consideration will be recorded as an adjustment to goodwill.

Regulatory Approvals

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, and related rules, the merger may not be consummated unless certain filings have been submitted to the Federal Trade Commission, or the FTC, and the Antitrust Division of the U.S. Department of Justice, or the DOJ.

The proposed transaction was reviewed by the FTC pursuant to the HSR Act and related rules. On July 10, 2008, the FTC accepted a proposed consent order to remedy competitive concerns about the proposed transaction alleged in the FTC's simultaneously issued Complaint. Following a 30-day public comment period, the FTC approved the issuance of a final consent order, which allows the merger to be consummated subject to certain conditions. In general terms, the conditions require Flow, following the merger, to license to other abrasive waterjet companies, on a royalty-free basis, OMAX patents 5,508,596 and 5,892,345, which relate to controllers used in waterjet cutting systems. The

licenses do not transfer technology or any other patented equipment or processes owned by Flow or OMAX, do not apply to any intellectual property outside of the United States, and expire in five years. No further review by the FTC is warranted unless Flow fails to fulfill its post-merger obligations or fails to close on the merger within twelve months from the FTC's acceptance of the consent order (accepted July 10, 2008). Flow intends to comply in full with the consent order.

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The FTC and the DOJ frequently scrutinize the legality under the antitrust laws of transactions like the merger. At any time before or after the completion of the merger, the FTC or the DOJ could take any action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger or seeking the divestiture of substantial assets of Flow and OMAX. In addition, certain private parties, as well as state attorneys general and other antitrust authorities, may challenge the transaction under antitrust laws under certain circumstances.

While Flow and OMAX believe that the completion of the merger will not violate any antitrust laws, there can be no assurance that a challenge to the merger on antitrust grounds will not be made, or, if such a challenge is made, what the result will be. Flow and OMAX have each agreed to use their reasonable efforts to resolve any objections to the merger that may be asserted by any governmental entity and undertake any reasonable actions required to lawfully complete the merger. However, Flow and OMAX agreed that nothing contained in the merger agreement requires Flow or OMAX or any of their subsidiaries or affiliates to agree to any action of divestiture which is reasonably likely to have a material adverse effect on the condition (financial or otherwise), business, assets, liabilities or results of operations of either Flow (or any of its subsidiaries) or OMAX (or any of its subsidiaries), taken individually or in the aggregate, or is not conditioned on the completion of the merger.

Restrictions on Sales of Shares of Flow Common Stock Received in the Merger

The shares of Flow common stock to be issued in connection with the merger will be registered under the Securities Act and will be freely transferable, except for shares of Flow common stock issued to any person who is deemed to be an affiliate of OMAX prior to the merger. Persons who may be deemed affiliates of OMAX prior to the merger include individuals or entities that control, are controlled by, or are under common control with OMAX prior to the merger, and may include officers and directors, as well as principal shareholders of OMAX prior to the merger.

Persons who may be deemed to be affiliates of OMAX prior to the merger may not sell any of the shares of Flow common stock received by them in connection with the merger except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or
- any other applicable exemption under the Securities Act.

Flow's registration statement on Form S-4, of which this proxy statement/prospectus forms a part, does not cover the resale of shares of Flow common stock to be received in connection with the merger by persons who may be deemed to be affiliates of OMAX prior to the merger.

Listing on the NASDAQ Global Market of Flow Shares Issued Pursuant to the Merger

Flow will use its reasonable efforts to cause the shares of Flow common stock to be issued, and those required to be reserved for issuance, in connection with the merger to be authorized for listing on the NASDAQ Global Market before the completion of the merger, subject to official notice of issuance.

Dissenters' Rights

Flow shareholders are not entitled to dissenters' rights in connection with the merger under the Washington Business Corporations Act (the "WBCA").

The following is a brief summary of the rights of holders of OMAX common stock to dissent from the merger and receive cash equal to the fair value of their OMAX common stock instead of receiving shares of Flow common stock. This summary is not exhaustive, and you should read the applicable sections of chapter 23B.13 of the WBCA, which is attached to this proxy statement/prospectus as Annex C.

If you are contemplating the possibility of dissenting from the merger, you should carefully review the text of Annex C, particularly the procedural steps required to perfect dissenters' rights, which are complex. You should also

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consult your legal counsel. If you do not fully and precisely satisfy the procedural requirements of the WBCA, you will lose your dissenters' rights.

Requirements for exercising dissenters' rights

To exercise dissenters' rights, you must:

file with OMAX before the vote is taken at the special meeting written notice of your intent to demand the fair value for your OMAX common stock if the merger is consummated and becomes effective; and

not vote your shares of OMAX common stock at the special meeting in favor of the proposal to approve the merger agreement.

If you do not satisfy each of these requirements, you cannot exercise dissenters' rights and will be bound by the terms of the merger agreement.

Submitting a proxy card that does not direct how the OMAX common stock represented by that proxy is to be voted will constitute a vote in favor of the merger and a waiver of your statutory dissenters' rights. In addition, voting against the proposal to approve the merger will not satisfy the notice requirement referred to above. You must file the written notice of the intent to exercise dissenters' rights with OMAX at:

OMAX Corporation
21409 72nd Avenue South
Kent, WA 98032
Attn: James M. O'Connor, Secretary

Appraisal procedure

Within ten days after the proposed merger has been approved, OMAX will send written notice to all shareholders who have given written notice under the dissenters' rights provisions and have not voted in favor of the merger as described above. The notice will contain:

the address where the demand for payment and certificates representing shares of OMAX common stock must be sent and the date by which they must be received;

any restrictions on transfer of uncertificated shares that will apply after the demand for payment is received;

a form for demanding payment that states the date of the first announcement to the news media or to shareholders of the proposed merger and requires certification of the date the shareholder, or the beneficial owner on whose behalf the shareholder dissents, acquired the OMAX common stock or an interest in it; and

a copy of the dissenters' rights provisions of the WBCA, attached as Annex C.

If you wish to assert dissenters' rights, you must demand payment and deposit your OMAX certificates within 30 days after the notice is given. If you fail to make demand for payment and deposit your OMAX certificates within the 30-day period, you will lose the right to receive fair value for your shares under the dissenters' rights provisions, even if you filed a timely notice of intent to demand payment.

Except as provided below, within 30 days of the later of the effective time of the merger or OMAX's receipt of a valid demand for payment, OMAX will remit to each dissenting shareholder who complied with the requirements of the WBCA the amount OMAX estimates to be the fair value of the shareholder's OMAX common stock, plus accrued interest. OMAX will include the following information with the payment:

financial data relating to OMAX;

OMAX's estimate of the fair value of the shares and a brief description of the method used to reach that estimate;

a copy of chapter 23B.13 of the WBCA; and

a brief description of the procedures to be followed in demanding supplemental payment.

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For dissenting shareholders who were not the beneficial owner of the shares of OMAX common stock before September 10, 2008, the date on which the proposed merger was first publicly announced, OMAX may withhold payment and instead send a statement setting forth its estimate of the fair value of their shares and offering to pay such amount, with interest, as a final settlement of the dissenting shareholder's demand for payment.

If you are dissatisfied with your payment or offer, you may, within 30 days of the payment or offer for payment, notify OMAX in writing of and demand payment of your estimate of fair value of your shares and the amount of interest due. If any dissenting shareholder's demand for payment is not settled within 60 days after receipt by OMAX of his or her payment demand, section 23B.13.300 of the WBCA requires that OMAX commence a proceeding in King County Superior Court and petition the court to determine the fair value of the shares and accrued interest, naming all the dissenting shareholders whose demands remain unsettled as parties to the proceeding.

The court may appoint one or more appraisers to receive evidence and make recommendations to the court as to the amount of the fair value of the shares. The fair value of the shares as determined by the court is binding on all dissenting shareholders and may be less than, equal to or greater than the market price of the Flow common stock to be issued to nondissenting shareholders for their OMAX common stock if the merger is consummated. If the court determines that the fair value of the shares is in excess of any amount remitted by OMAX, then the court will enter a judgment for cash in favor of the dissenting shareholders in an amount by which the value determined by the court, plus interest, exceeds the amount previously remitted.

The court will determine the costs and expenses of the court proceeding and assess them against OMAX, except that the court may assess part or all of the costs against any dissenting shareholders whose actions in demanding supplemental payments are found by the court to be arbitrary, vexatious or not in good faith. If the court finds that OMAX did not substantially comply with the relevant provisions of sections 23B.13.200 through 23B.13.280 of the WBCA, the court may also assess against OMAX any fees and expenses of attorneys or experts that the court deems equitable. The court may also assess those fees and expenses against any party if the court finds that the party has acted arbitrarily, vexatiously or not in good faith in bringing the proceedings. The court may award, in its discretion, fees and expenses of an attorney for the dissenting shareholders out of the amount awarded to the shareholders, if it finds the services of the attorney were of substantial benefit to the other dissenting shareholders and that those fees should not be assessed against OMAX.

A shareholder of record may assert dissenters' rights as to fewer than all of the shares registered in the shareholder's name only if he or she dissents with respect to all shares beneficially owned by any one person and notifies OMAX in writing of the name and address of each person on whose behalf he or she asserts dissenters' rights. The rights of the partial dissenting shareholder are determined as if the shares as to which he or she dissents and his or her other shares were registered in the names of different shareholders. Beneficial owners of OMAX common stock who desire to exercise dissenters' rights themselves must obtain and submit the registered owner's written consent at or before the time they file the notice of intent to demand fair value.

For purposes of the WBCA, fair value means the value of OMAX common stock immediately before the effective time of the merger, excluding any appreciation or depreciation in anticipation of the merger, unless that exclusion would be inequitable. Under section 23B.13.020 of the WBCA, a OMAX shareholder has no right, at law or in equity, to set aside the approval and adoption of the merger or the consummation of the merger except if the approval, adoption or consummation fails to comply with the procedural requirements of chapter 23B.13 of the WBCA, Revised Code of Washington sections 25.10.900 through 25.10.955, OMAX's articles of incorporation or bylaws, or was fraudulent with respect to that shareholder or OMAX.

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The following is a summary of the material provisions of the merger agreement, as amended. This summary is qualified in its entirety by reference to the merger agreement and the amendment to the merger agreement, copies of which are attached as Annexes A and B, respectively, to this proxy statement/prospectus, and which are incorporated into this proxy statement/prospectus by reference. You should read the merger agreement and the amendment to the merger agreement in their entirety, as they are the legal documents governing the merger, and their provisions are not easily summarized.

Structure of the Merger

The merger agreement provides for the merger of Orange Acquisition Corporation, a newly formed, wholly-owned subsidiary of Flow, with and into OMAX. OMAX will survive the merger as a wholly-owned subsidiary of Flow.

Merger Consideration

Upon completion of the merger, each share of OMAX common stock outstanding immediately prior to the effective time of the merger, other than dissenting shares, will be canceled and automatically converted into the right to receive a per share portion of the merger consideration which is comprised of cash, Flow common stock, par value \$0.01 per share, and additional cash and/or shares of Flow common stock on a contingent basis, as discussed below. The total amount of cash to be paid by Flow at closing is approximately \$71 million, subject to adjustments (which adjustments include an employee retention pool of approximately \$3.3 million, legal counsel fees of \$7 million, transaction expenses, and other adjustments) and an escrow composed of a promissory note as described below. At closing, Flow is to issue common stock having a value of \$4 million. The total number of shares to be issued by Flow is approximately [], based on the share price of Flow common stock as of [], 2009. There is no limit in the merger agreement on Flow's share price after which either party would be able to terminate the agreement. The following table provides an example of what the merger consideration would be based on recent share prices of Flow common stock:

	Share Price of Flow Common Stock	Share Price of Flow Common Stock	Share Price of Flow Common Stock	Share Price of Flow Common Stock
Stock Price	\$ 9.450(1)	\$ 6.520(2)	\$ 3.941(3)	\$ 1.835(4)(5)
Consideration Paid to OMAX Shareholders:				
Cash at Closing(6)	\$ 71,000,000	\$ 71,000,000	\$ 71,000,000	\$ 71,000,000
Shares at Closing	397,259	613,497	1,014,971	2,179,837
Contingent Consideration(7)	\$ 25,606,143	None paid	None paid	None paid

(1) Average closing stock price over 10 trading days ended April 21, 2008.

(2) Average closing stock price over 10 trading days ended July 21, 2008.

- (3) Average closing stock price over 10 trading days ended October 20, 2008.
- (4) Average closing stock price over 10 trading days ended December 19, 2008.
- (5) For the purposes of the pro forma condensed combined financial statements provided herein, management has assumed a closing share price of \$1,835, which is Flow's average share price for the ten trading days ended December 19, 2008.
- (6) Amount subject to adjustment, including escrow, employee retention pool and other adjustments as described more fully in this registration statement/proxy.
- (7) Calculated as if the noted share price were the daily closing share price for Flow common stock for the six months ending 36 months after the closing of the transaction, or the daily closing share price for Flow common stock for the trailing six months if an interim election is made.

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At the third anniversary of the closing of the merger (or earlier pursuant to a permitted interim election as described below), each share of OMAX common stock will be entitled to receive additional cash as more fully described in the merger agreement, contingent upon the Flow common stock trading at an average share price of at least \$7.00 for the six months ending thirty-six months after the closing. This additional consideration is referred to as the contingent consideration and is described more fully below.

Flow may at its option distribute Flow common stock in lieu of cash as contingent consideration, in which case the number of shares distributed will be based on the average share price described above, or, if an interim election is made as described below, on the basis of the interim average share price.

If, between the last day of the sixth (6th) full month after the closing of the merger and ending on the last day of the thirty-fifth (35th) full month after the closing of the merger, the average daily closing share price of Flow common stock for the trailing six-month period quoted on the NASDAQ Global Market is equal to or greater than \$7.00, which we refer to as the interim average share price, the former OMAX shareholders may elect to receive contingent consideration on the basis of the interim average share price instead of the average share price described earlier. Flow will publish the interim average share price on its website. This interim election can only be made once, any interim election is permanent and may not be revoked, and any interim election will also be subject to the terms and conditions of the escrow agreement. Any interim election will be reported to Flow on a form attached to this proxy statement/prospectus as Annex F. The election may only be made during the first fifteen days of the month following the sixth (6th) full calendar month after the closing of the merger, and each consecutive calendar month period thereafter, through the first fifteen days of the thirty-sixth (36th) month after the closing, with reference to the interim average share price occurring during the prior six months then elapsed. For example, if the closing of the merger occurs on February 15, 2009, and the interim average share price for the 6 months beginning March 1, 2009 and ending August 30, 2009 is \$7.50, then an election can be made on a \$7.50 basis between September 1, 2009 and September 15, 2009.

The per share stock exchange ratio in the merger will be adjusted to reflect fully the effect of any stock split, reverse stock split, subdivision, stock dividend (including any dividend or distribution of securities convertible into Flow common stock or OMAX common stock), reorganization, recapitalization, reclassification, combination or exchange of shares, or other like change with respect to Flow common stock (including any amendment to Flow's certificate of incorporation that disproportionately affects the Flow common stock to be delivered to the holders of OMAX common stock pursuant to the merger agreement in comparison to the effect such amendment has on the Flow common stock outstanding immediately prior to such amendment) or OMAX common stock having a record date on or after the date of the merger agreement and prior to the effective time of the merger.

Each holder of OMAX common stock who is entitled to demand and properly demands appraisal of such shares and who complies with Chapter 23B.13 of the Washington Business Corporation Act shall not receive the merger consideration but instead shall receive the consideration that may be due to the holder under Chapter 13. However, if such holder fails to perfect, withdraws, or loses such holder's right to payment or appraisal, the shares will be converted into the right to receive the merger consideration, cash in lieu of any fractional share, and any dividends or other distributions to which recipients of the merger consideration are entitled. OMAX has agreed to give Flow prompt notice of any demands for appraisal, to give Flow the right to control all negotiations and proceedings with respect to such demands, and to not settle or offer to settle any appraisal claims or voluntarily make any payments in respect of appraisal claims without Flow's prior consent.

The aggregate number of shares of Flow common stock to be issued to OMAX shareholders (including former optionholders who become OMAX shareholders prior to closing) in connection with the merger will equal approximately [] million shares, based on Flow's closing stock price as of [], 2009, assuming that Flow elects to

pay the contingent consideration in cash. The aggregate number of shares of Flow common stock issued at closing shall reflect a value of \$4 million. Thus, the actual number of shares of Flow common stock issuable will vary depending upon the average daily closing price per share of Flow common stock during the ten trading days ending two business days prior to the closing of the merger. The contingent consideration, which may be issuable 36 months after closing (or earlier pursuant to a permitted interim election as described herein), will equal up to \$52 million, which Flow may elect to pay in Flow common stock, based on the average share price described earlier. The aggregate amount of cash to be paid by Flow to the OMAX shareholders in the merger at closing will equal

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approximately \$71 million, subject to adjustment (which adjustments include an employee retention pool of approximately \$3.3 million, legal counsel fees of \$7 million, transaction expenses, and other adjustments) and an escrow.

Treatment of OMAX Stock Options and Stock-Based Awards

OMAX stock options are outstanding under the OMAX Corporation 1993 Stock Option Plan and the OMAX Corporation 2005 Stock Option Plan (individually, the 1993 Plan and the 2005 Plan, and collectively, the Plans). Flow will not be assuming any of the OMAX options at the effective time of the merger. Options to purchase shares of OMAX common stock outstanding prior to the effective time of the merger, with the consent of the option holder, will become vested and exercisable, and the OMAX stock issued upon exercise of the OMAX option will be exchanged for the right to receive the merger consideration described above, reduced by any applicable payroll, income tax, or other withholding taxes, loans, etc. No payment will be made with respect to an option until such time as the holder consents in writing as above. In order to satisfy regulatory guidance regarding compliance with section 409A of the Internal Revenue Code, outstanding OMAX options will, with the consent of the holders of such options, be amended prior to the effective time to provide that such options can be exercised only immediately prior to a change in control.

In order to facilitate the exercise of OMAX options immediately prior to the effective time of the merger, OMAX, in its discretion, may offer holders of OMAX options loans for the purpose of funding the exercise of such options. Any such loans will be secured by the shares of OMAX stock issued upon exercise of the options, and will be repaid no later than the time as of which the merger consideration with respect to such shares is released from escrow.

As of January 2, 2009, options to purchase approximately 1,499,350 shares of OMAX common stock were outstanding under OMAX's stock option plans. The aggregate amount of the exercise price received by OMAX for the exercise of any stock options will be added to the merger consideration paid to OMAX shareholders.

Escrow

At the closing, an amount equal to \$8.45 million, in the form of an unsecured promissory note accruing simple interest at two percent per annum, will not be distributed to or made available for holders of OMAX common stock or options but rather will be allocated to the escrow amount as further described below. Flow will deposit this consideration with The Bank of New York Mellon Trust Company or other bank or trust company as Flow may choose in its discretion, as escrow agent.

The total consideration withheld will not be distributed to or made available for holders of OMAX common stock or options but rather will be deposited by Flow with, and held by, The Bank of New York Mellon Trust Company or other bank or trust company as Flow may choose in its discretion, as escrow agent, in an escrow fund in accordance with an escrow agreement, as further described in the merger agreement. This escrow will fund payments related to net working capital as required by the merger agreement and will be the sole and exclusive remedy to secure claims by Flow or the surviving corporation for indemnification, in accordance with and subject to the terms of the merger agreement. The release of the escrow funds will promptly occur 18 months after the closing of the transaction, and will be subject to the terms of the merger agreement and of the escrow agreement. Interest accruing to the escrow amounts will become part of the escrowed funds and, for purposes of distribution, such interest will be distributed with the principal amount.

Other Adjustments

The aggregate amount of cash to be paid by Flow to the OMAX shareholders in the merger at closing will equal approximately \$71 million, subject to certain adjustments. Such adjustments include: \$3.3 to be paid by Flow to the

employee retention pool, as described below; fees of legal counsel, including \$7 million to be paid to OMAX's patent litigation counsel; adjustments based on OMAX's net working capital at the time of the merger; and other transaction expenses.

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Employee Retention Pool

At the closing, an amount equal to approximately \$3.3 million of the \$71 million cash consideration to be paid by Flow is to be paid into an escrow for the employee retention pool, described below, to encourage employees to stay with OMAX or Flow for at least six months following the closing.

Fractional Shares

Flow will not issue any fractional shares of common stock in connection with the merger. Instead, each holder of OMAX common stock who would otherwise be entitled to receive a fraction of a share of Flow common stock (after aggregating all fractional shares of Flow common stock that would otherwise be received by such OMAX shareholder) will be entitled to receive cash, without interest, in an amount equal to such fraction multiplied by the average closing price of one share of Flow common stock for the ten most recent trading days that Flow common stock has traded, ending on the trading day two business days prior to the date the merger is completed.

Exchange of Shares of OMAX Common Stock for Shares of Flow Common Stock

Promptly following completion of the merger, BNY Mellon Shareowner Services, the exchange agent for the merger, will mail to each record holder of OMAX common stock a letter of transmittal and instructions for surrendering the record holder's OMAX stock certificates in exchange for the merger consideration and cash in lieu of any fractional share. Only those holders of OMAX common stock who properly surrender their OMAX stock certificates shares in accordance with the exchange agent's instructions will receive:

the amount of cash, without interest, to which such holder is entitled pursuant to the merger agreement;

the number of whole shares of Flow common stock to which such holder is entitled pursuant to the merger agreement;

cash in lieu of any fractional share of Flow common stock;

the amount of contingent consideration to which such holder is entitled pursuant to the merger agreement; and

cash for dividends or other distributions, if any, to which they are entitled under the terms of the merger agreement.

The surrendered OMAX stock certificates will be canceled at the effective time of the merger. After the effective time of the merger, outstanding shares of OMAX common stock that have not been surrendered will represent only the right to receive each of the items, as the case may be, enumerated above. Following the completion of the merger, OMAX will not register any transfers of OMAX common stock on its stock transfer books. Holders of OMAX common stock should not send in their OMAX stock certificates until they receive a letter of transmittal from BNY Mellon Shareowner Services with instructions for the surrender of OMAX stock certificates.

Distributions with Respect to Unexchanged Shares

Holders of OMAX common stock are not entitled to receive any dividends, payment in lieu of any fractional share, or other distributions on Flow common stock until the merger is completed. After the merger is completed, holders of OMAX common stock will be entitled to dividends, payment in lieu of any fractional share, and other distributions declared or made after the closing of the merger with respect to the number of whole shares of Flow common stock which they are entitled to receive upon exchange of their OMAX common stock, but they will not be paid any

dividends, payment in lieu of any fractional shares, or other distributions on the Flow common stock until they surrender their OMAX stock certificates shares to the exchange agent in accordance with the exchange agent instructions. After surrender of the certificates, such holders will receive any such dividends, payments in lieu of any fractional share, or other distributions to which they are entitled as cash without interest.

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Transfers of Ownership and Lost Stock Certificates

If shares of Flow common stock are to be issued in a name other than that in which the OMAX stock certificates shares surrendered in exchange for such Flow common stock are registered, it will be a condition of the issuance thereof that the certificates shares so surrendered will be properly endorsed and otherwise in proper form for transfer and that the persons requesting such exchange will have paid to Flow (or any agent designated by it) any transfer fees or other taxes required by reason of the issuance of shares of Flow common stock in connection with the merger in any name other than that of the registered holder of the OMAX stock certificates shares surrendered, or established to the satisfaction of Flow (or any agent designated by it) that such tax has been paid or is not payable.

In the event any OMAX stock certificates have been lost, stolen, or destroyed, the exchange agent shall issue in exchange for such lost, stolen, or destroyed certificates, upon the making of an affidavit of that fact by the holder thereof, such shares of Flow common stock, cash for a fractional share, and any dividends or distributions payable pursuant to the merger agreement; provided, however, that the exchange agent may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificates to deliver a bond at the holder's expense in such sum as it may reasonably direct as indemnity against any claim that may be made against Flow, OMAX, or the exchange agent with respect to the certificates alleged to have been lost, stolen, or destroyed.

Termination of the Exchange Fund

At any time after the one year anniversary of the closing date of the merger, Flow may require the exchange agent to return to Flow all share certificates and cash held by the exchange agent for delivery and payment to former shareholders of OMAX pursuant to the merger agreement. Thereafter, former shareholders of OMAX who have not properly surrendered their OMAX stock certificates may look only to Flow for any merger consideration and any cash payment related to any dividends or distributions to which they may be entitled upon surrender of their shares of OMAX common stock.

Representations and Warranties

The merger agreement contains representations and warranties made by OMAX regarding aspects of its business, financial condition, subsidiaries and structure, as well as other facts pertinent to the merger. The merger agreement contains representations and warranties made by Flow regarding aspects of its structure as well as other facts pertinent to the merger. The assertions embodied in the representations and warranties contained in the merger agreement are qualified by information in confidential disclosure letters provided by Flow and OMAX to each other in connection with the signing of the merger agreement. These disclosure letters contain information that modifies, qualifies, and creates exceptions to the representations and warranties set forth in the merger agreement. Moreover, certain representations and warranties in the merger agreement were used for the purpose of allocating risk between Flow and OMAX rather than establishing matters as facts. In addition, information concerning the subject matter of these representations and warranties may have changed since the execution of the merger agreement. Accordingly, you should not rely on the representations and warranties in the merger agreement as characterizations of the actual state of facts about Flow or OMAX.

These representations and warranties of Flow, Orange Acquisition Corporation and OMAX in the merger agreement relate to the following subject matters:

corporate organization, qualifications to do business, corporate standing and corporate power;

corporate authorization to enter into and consummate the transactions contemplated by the merger agreement and the enforceability of the merger agreement;

absence of any conflict with or violation of any applicable legal requirements of the corporate charter and bylaws, and the charter, bylaws and similar organizational documents of subsidiaries as a result of entering into and consummating the transactions contemplated by the merger agreement;

the effect of entering into and consummating the transactions contemplated by the merger agreement on material contracts;

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governmental and regulatory approvals required to complete the merger;

accuracy of disclosure contained in the documents, written information, financial statements, certificates and exhibits;

payments, if any, required to be made to brokers, finders fees or agent's commissions, or other similar charges on account of the merger; and

reliance on representations and warranties.

OMAX made additional representations and warranties relating to the following subject matters:

capital structure;

financial statements;

absence of defaults and violations;

absence of a material adverse effect, as that term is further described in the merger agreement;

litigation;

absence of any material adverse effect in business since December 31, 2007;

absence of undisclosed liabilities;

compliance with applicable laws;

no undisclosed payments due and no increase in or acceleration of payments;

employees and employee benefit plans;

personal property and real property and leases;

environmental matters;

customers and suppliers;

material contracts;

taxes;

interests of officers, directors, and employees in assets;

technology and intellectual property rights;

required shareholder votes;

options subject to accelerated vesting upon a change of control;

complete copies of material made available;

unanimous recommendation of board;

insurance;

accounts receivable;

guarantees and suretyships;

related party transactions; and

government contracts.

Flow made additional representations and warranties relating to the following subject matters:

completeness of Flow's SEC filings since April 30, 2007;

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formation of the acquisition subsidiary was made solely to engage in the transactions contemplated under the merger agreement;

accuracy of information supplied in this proxy statement/prospectus and the related registration statement filed by Flow with the SEC;

sufficient funds are available to make payments under the merger agreement; and

that it is not an acquiring person, or an affiliate or associate of an acquiring person under Chapter 23B.19 of the Washington Business Corporation Act.

OMAX's major shareholders made additional representations and warranties relating to the following subject matters:

authority to enter into and consummate the transactions contemplated by the merger agreement and the enforceability of the merger agreement;

voting agreements, voting trusts or similar agreements or registrations rights agreements;

absence of violations of or conflicts with government order or contracts; and

reliance on representations and warranties.

Generally, the representations and warranties contained in the merger agreement will survive the closing of the merger and be in effect until 18 months after the closing of the transaction. In some instances, certain representations and warranties will survive for a longer period of time. In addition, the representations and warranties form the basis of certain conditions to Flow's and OMAX's obligations to complete the merger.

Covenants of OMAX

Except as contemplated by the merger agreement, OMAX has agreed that, until completion of the merger or termination of the merger agreement, it will, as required by law or unless Flow otherwise consents in writing, (1) carry on its business in the ordinary course consistent with past practice, in substantially the same manner as previously conducted, (2) continue to observe its obligations to comply with the requirements of all applicable laws and regulations, and (3) use commercially reasonable efforts to:

preserve intact its present business organization;

keep available the services of its present executive officers, consultants and employees; and

maintain satisfactory relationships with customers, suppliers, licensors, licensees and others with which it has business dealings.

Under the merger agreement, OMAX also agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless Flow consents in writing or except as permitted by the merger agreement or required by applicable law, OMAX will conduct its businesses in compliance with restrictions relating to the following:

granting severance or termination pay to officers, directors, and employees of OMAX;

transferring intellectual property;

declaring, setting aside, or paying dividends or making any other distributions;

splitting, combining or reclassifying its capital stock;

modifying or amending its articles of incorporation, bylaws or the terms of any outstanding securities;

incurring, assuming, or guaranteeing any indebtedness for borrowed money;

changing any methods or principles of accounting, except as required by generally accepted accounting principles or as concurred in by its independent auditors;

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commencing any lawsuit, except for the routine collection of bills or in such cases where failure to do so would materially impair a valuable aspect of OMAX's business;

extending offers of employment to officers with an annual compensation in excess of \$100,000 without consultation with Flow;

granting or issuing or accelerating the vesting of any capital stock, securities convertible into capital stock of OMAX, restricted stock, restricted stock units, stock appreciation rights, stock options, warrants, or other equity rights;

adopting or paying, accelerating, or accruing salary or other payments or benefits or promising or making discretionary employer contributions to, under, or with respect to any pension, profit-sharing, bonus, extra compensation, incentive, deferred compensation, group insurance, severance pay, retirement, or other employee benefit plan, agreement, or arrangement, or any employment or consulting agreement with or for the benefit of any OMAX director, officer, employee, agent, or consultant, whether past or present, or amend any such existing plan, agreement, or arrangement, in each case other than in the ordinary course of business or as required by law;

assigning, transferring, disposing of, or licensing assets of OMAX, granting any license of any assets of OMAX, or acquiring or disposing of capital stock of any third party or merging or consolidating with any third party in each case other than in the ordinary course of business;

entering into any joint venture, partnership, limited liability OMAX, or operating agreement;

breaching, modifying, amending, or terminating any of OMAX's material contracts, or waiving, releasing, or assigning any rights or claims under any of OMAX's material contracts, except as expressly required by this merger agreement or except in the ordinary course of business;

settling, compromising, or otherwise terminating any litigation, claim, investigation, or other settlement negotiation;

failing to keep in full force insurance policies covering OMAX's properties and assets under substantially similar terms and conditions as OMAX's current policies;

entering into any material contract or any other contract that would require OMAX to expend a sum in excess of \$100,000, except in the ordinary course of business;

adopting a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization, or other reorganization (other than the current merger);

acquiring or agreeing to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association, or other business organization or division thereof, or otherwise acquire or agree to acquire any assets;

adopting or amending any employee benefit plan or employee stock purchase or employee stock option plan or grant agreement (other than amendments required by law or to comply with the U.S. Tax Code or as requested by Flow pursuant to the merger agreement), or entering into any employment contract, pay any special bonus or special remuneration to any director, officer, consultant, or employee, or increase the salaries or wage rates

or fringe benefits (including rights to severance or indemnification) of its directors, officers, consultants, or employees other than increases as required by law, or making any change in its existing borrowing or lending arrangements for or on behalf of any of such persons under an employee benefit plan or otherwise;

paying or making any accrual or arrangement for payment of any pension, retirement allowance, or other employee benefit under any existing plan, agreement, or arrangement to any officer, director, or employee or paying or agreeing to pay or making any accrual or arrangement for payment to any officers, directors, or employees of OMAX or any amount relating to unused vacation days, other than in the ordinary course of business consistent with past practice and except as required by law;

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granting rights or licenses to OMAX intellectual property to any standards organization or to any third person in compliance with the requirements of any standards organization, or using or incorporating any intellectual property from any standards organization in OMAX's software or software used in any OMAX product, technology, or service;

except as required or permitted under the merger agreement, knowingly taking any action that would or would be reasonably likely to (i) make any representation or warranty of OMAX contained in the merger agreement inaccurate, (ii) result in any of the conditions to the merger in merger agreement not being satisfied, or (iii) impair the ability of OMAX to consummate the merger in accordance with the terms of the merger agreement; and

making any capital expenditure in excess of \$100,000.

Under the merger agreement, OMAX also makes covenants related to the following:

notifying Flow and making commercially reasonable efforts to remedy or prevent actual or pending breaches of any representations or warranties under the merger agreement;

providing Flow with access to the books, records, and other information of OMAX;

seeking required consents and notices to consummate the merger;

complying with the shareholder notice requirements under the Washington Business Corporation Act;

filing tax returns; and

amending certain options to purchase OMAX common stock to provide that such options will only become vested and exercisable immediately prior to a change in control.

In addition, OMAX made the following covenants:

Incorporation of Certain Software. OMAX has agreed not to incorporate any software into OMAX software that is subject to a license that requires such software to be disclosed or distributed in source code form, or that requires such software and any associated software and intellectual property to be licensed on a royalty free basis.

Parachute Payments. Before closing, OMAX will submit to all persons entitled to vote the material facts concerning all payments that Flow reasonably believes, in the absence of shareholder approval of such payments, would be parachute payments as defined in U.S. Tax Code Section 280G(b)(2). OMAX will solicit the consent of holders of OMAX common stock to the Parachute Payments. OMAX's board of directors will recommend approval of the Parachute Payments, unless OMAX's board of directors believes in good faith, after consultation with OMAX's counsel, that such recommendation would be inconsistent with the fiduciary duties of OMAX's board of directors under applicable law.

Covenants of Flow

Under the merger agreement, Flow has agreed that, in the event of becoming aware of the occurrence or threatened or pending occurrence of an event that would cause or constitute a breach of the merger agreement, Flow will give

detailed notice to OMAX and will use commercially reasonable efforts to prevent or remedy the breach. In addition, Flow has agreed to use commercially reasonable best efforts in good faith to effect the merger and related transactions and to fulfill conditions to closing the merger.

Other Covenants

The merger agreement contains a number of other covenants by Flow and OMAX, including:

Continuation of Non-Disclosure Agreements. Flow and OMAX have agreed that the Non-Disclosure Agreement dated October 24, 2007 and the Agreement on Confidentiality of Settlement Communications dated October 24, 2007, both by and between Flow and OMAX, will continue in full force and effect and will be applicable to all Confidential Information (as defined in the Non-Disclosure Agreement) and Settlement

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Communications (as defined in the Settlement Communications Agreement) exchanged in connection with the merger agreement and related transactions.

Legal Conditions to Merger. Flow and OMAX have agreed that each will take all reasonable actions necessary to comply promptly with all legal requirements that may be imposed on each with respect to the merger and will promptly cooperate with and furnish information to each other in connection with any such requirements imposed upon the other. In addition, Flow and OMAX have agreed to take all reasonable actions to obtain (and to cooperate with the other parties in obtaining) any consent, approval, order, or authorization of, or any exemption by, any governmental entity, or other third party, required to be obtained or made by Flow or OMAX in connection with the merger or the taking of any action contemplated by the merger agreement.

Preparation and filing of Proxy Statement and Registration Statement. Flow and OMAX have agreed to prepare and distribute to OMAX shareholders a proxy statement and materials relating to the adoption of the merger agreement by OMAX shareholders. Flow has agreed to file a registration statement on a Form S-4, pursuant to which the shares of Flow common stock issued in the merger will be registered with the SEC. Flow and OMAX have agreed under the merger agreement to cooperate and provide information and disclosure as required for the completion of the proxy statement and registration statement.

Expenses. Flow and OMAX agreed that costs and expenses incurred in connection with the merger agreement will be paid by the party incurring the expense.

Additional Agreements. Flow and OMAX agreed to take further action as required to effectuate the merger.

Public Announcements. The parties agreed to the terms relating to any public announcements that are made regarding the merger.

Indemnification of Officers and Directors

The merger agreement provides that OMAX will maintain its existing indemnification provisions with respect to present and former directors, officers, employees, and agents of OMAX and all other persons who may presently serve or have served at OMAX's request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise for all expenses, judgments, fines, and amounts paid in settlement by reason of actions or omissions or alleged actions or omissions occurring at or before the merger to the fullest extent permitted or required under applicable law and OMAX's articles of incorporation and bylaws, for a period of five years after the date of the closing of the merger, as well as any rights to indemnification and advancement of expenses provided in employment agreements or indemnification agreements between OMAX and any of the individuals mentioned above.

Employee Benefits

Flow has agreed that, prior to closing, Flow will present offers of continued employment to certain employees of OMAX. OMAX will use commercially reasonable efforts to assist Flow in recruiting employees. Prior to closing, OMAX will terminate or amend, at the request of Flow, certain employee benefit plans, policies, and arrangements as set forth in the merger agreement. In addition, Flow has agreed to set aside cash in an employee retention pool for the purposes of paying retention bonuses for certain OMAX employees selected by OMAX after consultation with Flow. Such bonus amounts will be subject to the fulfillment of requirements established by OMAX. Any amounts of such employee retention pool not used will be distributed to former holders of OMAX common stock on a pro rata basis.

Non-Solicitation by OMAX

From the date of the merger agreement until the earlier of the termination of the merger agreement or the effective time of the merger, OMAX has agreed that neither it, nor any of its subsidiaries, nor any of its officers and

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directors or the officers and directors of its subsidiaries will, and that it will use its reasonable efforts to cause its employees, agents and representatives, and those of its subsidiaries, not to, directly or indirectly:

participate in any negotiations or discussions involving any offer to acquire OMAX's business, assets, or capital shares, whether by merger or otherwise;

disclose, in connection with any merger or other negotiations described above, any nonpublic information to any person other than Flow or its representatives concerning OMAX's business or properties or afford to any person other than Flow or its representatives access to its properties, books, or records, except as required by law or in accordance with a governmental request for information;

enter into or execute any agreement relating to the merger or other negotiations described above; or

make any public statement, recommendation, or solicitation in support of any merger or other transaction described above or any offer relating to a merger or other transaction described above other than with respect to the merger.

If OMAX is contacted by any third party expressing an interest in discussing a restricted transaction, OMAX will promptly, but in no event later than 24 hours following OMAX's knowledge of such contact, notify Flow in writing of such contact and the identity of the party so contacting OMAX and any information conveyed to OMAX by such third party in connection with such contact or relating to such restricted transaction, and will promptly, but in no event later than 24 hours, advise Flow of any material modification or proposed modification thereto.

OMAX has agreed that neither its board of directors nor any committee of the board of directors will directly or indirectly:

withdraw (or amend or modify in a manner adverse to Flow), or publicly propose to withdraw (or amend or modify in a manner adverse to Flow), the approval, recommendation, or declaration of advisability by OMAX's board of directors or of any such committee thereof of the merger, merger agreement, or ancillary documents and transactions, or recommend, adopt, or approve, or propose publicly to recommend, adopt, or approve, any acquisition proposal; or

approve or recommend, or publicly propose to approve or recommend, or allow OMAX or any subsidiary of OMAX to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar agreement, arrangement, or understanding constituting or related to, or that is intended to or could reasonably be expected to lead to, any acquisition proposal or requiring OMAX to abandon, terminate, or fail to consummate the merger or any other transaction contemplated by the merger agreement.

The acquisition proposal with respect to OMAX means any inquiry, proposal, or offer from any third party related to, or that could reasonably be expected to lead to a restricted transaction.

Conditions to Completion of the Merger

The respective obligations of Flow and OMAX to complete the merger are subject to the satisfaction or waiver or to the extent permitted by applicable law, the written waiver at or before the closing, of each of the following conditions:

the merger agreement and associated transactions will have received approval by the OMAX shareholders;

the registration statement on Form S-4, pursuant to which the shares of Flow common stock issued in the merger will be registered, will have been declared effective by the SEC, and no stop orders or injunctions shall have been filed with respect to such registration statement, and all requisite filings and approvals shall have been made and obtained from the NASD and the NASDAQ Global Market, as appropriate;

other than the filing of the articles of merger with the Secretary of State of Washington, all consents, third party consents, and notices that are legally required to be obtained or provided for the consummation of the merger and the associated transactions will have been satisfied, filed, occurred, or been obtained, in

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accordance with the terms and conditions of all applicable agreements other than such consents and third party consents as Flow and OMAX agree OMAX and Flow will not seek or obtain; and

no governmental entity of competent jurisdiction will have enacted, issued, promulgated, enforced, or entered any statute, rule, regulation, executive order, decree, injunction, or other order (whether temporary, preliminary, or permanent) that (i) is in effect, and (ii) has the effect of making the merger illegal or otherwise prohibiting consummation of the merger (which illegality or prohibition would have a material impact on Flow if the merger were consummated notwithstanding such statute, rule, regulation, executive order, decree, injunction, or other order).

The obligations of Flow and Orange Acquisition Corporation to consummate the merger are further subject to the satisfaction or waiver at or before the closing of each of the following conditions:

the representations and warranties of OMAX in the merger agreement will be true and correct on the date of the merger agreement and on date of closing, unless the failure of the representations and warranties of OMAX to be true and correct has not resulted in a material adverse effect. Flow and Orange Acquisition Corporation will have received a certificate with respect to the truth and correctness of OMAX's representations and warranties signed on behalf of OMAX by the Chief Executive Officer and the Chief Financial Officer of OMAX;

OMAX will have performed in all material respects all agreements and covenants required to be performed by it under the merger agreement before the Closing Date. Flow will have received a certificate signed on behalf of OMAX by the Chief Executive Officer and the Chief Financial Officer of OMAX to such effect;

from the date of merger agreement until the date of the closing, there has been no change, event, circumstance, development, or effect that resulted, individually or in the aggregate, in a material adverse effect, and Flow will have received a certificate to that effect signed on behalf of OMAX by the Chief Executive Officer and the Chief Financial Officer of OMAX;

there will not be pending any action, proceeding, or other application brought by any governmental entity: (i) challenging or seeking to restrain or prohibit the consummation of the merger and associated transactions, or seeking to obtain any material damages in connection therewith; or (ii) seeking to prohibit or impose any material limitations on Flow's or the surviving corporation's ownership or operation of all or any portion of OMAX's business or to compel Flow or the surviving corporation to dispose of or hold separate all or any material portion of the assets of OMAX as a result of the merger or associated transactions;

Flow will have received the resignations of all of the officers and directors of OMAX and any subsidiaries thereof as Flow shall designate (which resignations, other than the right to serve as an officer or director, will not impair the rights of any officer or director);

as of immediately before closing, certain individuals specified by Flow who are offered employment with Flow or continued employment with OMAX with Flow's approval will have executed offer and employee agreements in the form provided by Flow, will not have taken any action or expressed any intent to terminate or modify such acceptance, and will have in place all certifications, clearances, and authorizations required to perform the duties of the specified position;

certain individuals specified in the merger agreement will have executed a non-competition and non-solicitation agreement with Flow and will not have taken any action or expressed any intent to terminate or modify such agreement;

certain agreements specified in the merger agreement will be terminated or amended;

Flow will have received an opinion dated as of the closing date from OMAX's counsel;

OMAX and the employees, independent contractors (including former employees and independent contractors) and customers of OMAX will have executed such assignments and other documentation as may be reasonably requested by Flow to effectively transfer or confirm the transfer of all right, title, and interest to OMAX intellectual property to OMAX and/or Flow as its successor;

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the shareholders representative and BNY Mellon Shareowner Services (or other party designated as escrow agent) will have executed and delivered each of the escrow agreements further described in the merger agreement;

OMAX will have made certain deliveries as required by the merger agreement;

not more than five percent of the holders of OMAX shares that are outstanding on the record date for the determination of those shares entitled to vote for or against the merger will have demanded and perfected appraisal rights, and not effectively withdrawn or lost such appraisal rights;

OMAX shall have amended all options to purchase OMAX common stock granted in October, 2007 and all holders of OMAX options will have provided Flow with written consent to the termination of each of their respective OMAX options in exchange for the right to receive the conversion payment for such OMAX options, and such consents will be in full force and effect;

OMAX will have delivered to Flow a duly authorized and executed certificate stating that no interest in OMAX is a United States real property interest within the meaning of Section 897 of the U.S. Tax Code, which certificate (and delivery thereof) will comply in all respects with the requirements set forth in Treasury Regulation Sections 1.1445-2(c)(3) and 1.897-2(h); and

all agreements as of the date of the merger agreement entered into between Flow, OMAX and certain shareholders shall be in full force and effect.

The obligations of OMAX to consummate the merger are further subject to the satisfaction or waiver at or before the closing of each of the following conditions:

the representations and warranties of Flow and Orange Acquisition Corporation in the merger agreement will be true and correct on the date of the merger agreement and on date of closing, unless the failure of the representations and warranties of Flow and Orange Acquisition Corporation to be true and correct has not resulted in a material adverse effect. Orange will have received a certificate with respect to the foregoing, with respect to the representations and warranties of Flow, signed on behalf of Flow, by an authorized officer of Flow, and a certificate with respect to the foregoing, with respect to the representations and warranties of Orange Acquisition Corporation, signed on behalf of Orange Acquisition Corporation, by an authorized officer of Orange Acquisition Corporation;

Flow and Orange Acquisition Corporation will have performed all agreements and covenants required to be performed by them under the merger agreement before the date of the closing, and OMAX will have received a certificate signed on behalf of Flow and Orange Acquisition Corporation by an authorized officer of Flow and Orange Acquisition Corporation to such effect; and

Flow and BNY Mellon Shareowner Services (or other party designated as escrow agent) will have executed and delivered each of the escrow agreements described in the merger agreement.

Indemnification

The merger agreement provides that OMAX shareholders will defend, indemnify, and hold Flow and the surviving corporation harmless, in an aggregate amount up to the amount of the escrow amount (with certain exceptions), for any losses, damages, liabilities, claims, judgments, settlements, fines, costs, or expenses that are incurred by Flow or

the surviving corporation by reason of:

any breach, or any claim (including claims by parties other than Flow) that if true, would constitute a breach of any representation or warranty of OMAX in the merger agreement or in any certificate or other document delivered to Flow in accordance with the merger agreement;

the failure, partial or total, of OMAX to perform any agreement or covenant required by the merger agreement to be performed by it;

any adjustment based on a deficit in working capital to the extent not paid in accordance with other provisions in the merger agreement; and

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all taxes of OMAX relating to all taxable periods ended on or before the date of closing and the portion of taxes of OMAX attributable to the portion of any straddle period beginning as of the first day of such straddle period and ending as of the end of the closing date.

The availability of the escrow amount, as more fully described in the merger agreement and above, to indemnify Flow will be determined without regard to any right to indemnification to which any holder of any interest in the escrow amount may have in his or her capacity as an officer, director, employee, agent, or any other capacity of OMAX and no such holder will be entitled to any indemnification from OMAX or the surviving corporation for amounts paid hereunder. Any payment to Flow in accordance with this provision of the merger agreement will be treated for tax purposes as an adjustment to the consideration for the OMAX common shares.

Termination of the Merger Agreement

The merger agreement may be terminated and the merger and associated transactions abandoned at any time before the closing:

by mutual written consent of Flow and OMAX, duly authorized by Flow and by the board of directors of OMAX;

by either Flow or OMAX (provided that the terminating party is not then in material breach of any representation, warranty, covenant, or agreement contained in the merger agreement) if (i) there has been a material breach by the non-terminating party of any representation, warranty, covenant, or agreement as set forth in the merger agreement that results in the closing conditions in the terminating party's favor not being capable of being met by the date set forth below or (ii) if any representation or warranty of the non-terminating party is or has been untrue or inaccurate such that, in the aggregate, such untruths or inaccuracies would result, or reasonably be expected to result, in a material adverse effect on a party's ability to consummate the merger and associated transactions; provided, however, that if in each case such breach is curable, then the merger agreement may not be terminated under this provision until the earlier of (i) 30 days after delivery of written notice of such untruth or inaccuracy or breach, or (ii) the date on which the non-terminating party ceases to exercise commercially reasonable efforts to cure such untruth or inaccuracy or breach;

by either Flow or OMAX if the merger has not been consummated on or before March 31, 2009; provided, however, that the right to terminate the merger agreement under this provision will not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the merger to have been consummated on or before such date and such action or failure to act constitutes a breach of the merger agreement; or

by either Flow or OMAX if any permanent injunction or other order of a court or other competent authority preventing the merger will have become final and not subject to appeal.

Shareholders Representative

By virtue of their approval of the merger and related transactions, the OMAX shareholders will be deemed to have appointed John B. Cheung, Inc., a personal holding company of John B. Cheung, as shareholders' representative and as agent and attorney-in-fact for each holder of OMAX common stock (except such shareholders, if any, demanding appraisal rights) for all matters relating to the merger agreement, including to give and receive notices and communications; to bind the holders of OMAX common stock to the terms of the escrow agreements; to authorize delivery of cash from the escrow amount in satisfaction of claims by Flow or the surviving corporation; to object to

such deliveries, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims; and to take all actions necessary or appropriate in the judgment of the shareholders representative for the accomplishment of the foregoing.

The shareholders representative may be changed by the holders of a majority interest of the escrow amount, (the former OMAX shareholders), from time to time upon not less than 30 days prior written notice to Flow, provided that holders of a majority interest of the escrow amount agree to such removal of John B. Cheung, Inc. and

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any successors thereto and to the identity of the substituted agent. A shareholders representative may resign at any time upon giving at least 30 days written notice to the holders of interest in the escrow account, except that no such resignation will become effective until the appointment of a successor shareholders representative. Upon resignation of a shareholders representative or a successor shareholders representative thereto, the holders of a majority interest of the escrow amount will agree on a successor shareholders representative thereto within 30 days after receiving such notice. If holders of a majority interest of the escrow amount fail to agree upon a successor shareholders representative within such time, the resigning shareholders representative will have the right to appoint a successor shareholders representative, or if a shareholders representative is not designated within 45 days after receipt of the initial notice, Flow will designate a successor shareholders representative. Any successor shareholders representative will execute and deliver an instrument accepting such appointment and, without further acts, will be vested with all the rights, powers, and duties of the predecessor shareholders representative as if originally named as shareholders representative and thereafter the resigning shareholders representative will be discharged from any further duties and liability under the merger agreement. No bond will be required of any shareholders representative, and no shareholders representative will receive compensation for his or her services. Notices or communications to or from the shareholders representative will constitute notice to or from each of the holders of interest of the escrow amount for all matters relating to the merger agreement.

The shareholders representative will not be liable for any act done or omitted hereunder as the shareholders representative while acting in good faith. Holders of OMAX common stock on whose behalf the Escrow Amounts are contributed will severally indemnify the shareholders representative and hold the shareholders representative harmless against all loss, liability, or expense incurred without bad faith or willful misconduct on the part of such shareholders representative and arising out of or in connection with the acceptance or administration of such shareholders representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the shareholders representative. The shareholders representative will be entitled to the advance and reimbursement of costs and expenses incurred by or on behalf of the shareholders representative in the performance of their duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the shareholders representative, in accordance with the terms of the escrow agreements.

A decision, act, consent, or instruction of the shareholders representative relating to the merger agreement will constitute a decision of the holders of OMAX common stock and will be final, binding, and conclusive upon each such holder. Flow, and all other persons entitled to indemnification under the escrow agreements or any other document or agreement entered into in connection herewith or therewith may rely upon any such decision, act, consent, or instruction of the shareholders representative as being the decision, act, consent, or instruction of the holders of OMAX common stock. Flow and all other indemnified persons are relieved, under the merger agreement, from any liability to any person for any acts done by them in accordance with such decision, act, consent, or instruction of the shareholders representative.

Voting Agreements

As an inducement to Flow to enter into the merger agreement, on September 9, 2008, John B. Cheung, John H. Olsen, James M. O Connor, each of whom is a director or executive officer of OMAX, Puget Partners, a Limited Partnership, and The B-L Holding Company, each entered into voting agreements with Flow. Pursuant to these voting agreements, as further described below, these OMAX directors and executive officers and major shareholders agreed to vote their shares of OMAX stock in favor of the adoption of the merger agreement and against any other acquisition proposal. As of January 2, 2009, these shareholders beneficially owned an aggregate of approximately 2,866,946 outstanding shares of OMAX common stock, representing a majority of the outstanding shares of OMAX.

Voting Shares. From September 9, 2008, until the termination of the voting agreements, each of the OMAX directors and executive officers listed above agreed, subject to the terms and conditions of the voting agreements, to vote any

shares of OMAX common stock beneficially owned by such shareholder at the time of OMAX's special meeting:
in favor of adoption of the merger agreement and in favor of all other actions contemplated or required thereby;

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against any opposing or competing proposal;

against any other acquisition proposal, sale of assets, reorganization, material change in capitalization or any other action that would reasonably be expected to impede the merger;

in favor of waiving any notice that may have been required relating to any reorganization, reclassification or recapitalization, sale of assets, change of control or acquisition, or any consolidation or merger; and

in favor of any adjournment or postponement recommended by OMAX.

Grant of Proxy. In connection with the voting agreements, each of the OMAX directors and executive officers listed above, Puget Partners and The B-L Holding Company granted an irrevocable proxy to certain designees of Flow to vote any shares of OMAX common stock beneficially owned by such shareholder at the time of OMAX's shareholder meeting in the manner described above.

Termination. The voting agreements automatically terminate upon the earliest to occur of:

such date agreed upon in writing by Flow and the shareholder;

completion of the merger; or

the termination of the merger agreement.

This summary of the voting agreements is not intended to be complete and is qualified in all respects by the actual agreements, a copy of the forms of which are attached to this proxy statement/prospectus as Annex E.

Affiliate Agreements

OMAX will use all reasonable efforts to deliver or cause to be delivered to Flow affiliate agreements executed by all persons who may be deemed to be, in OMAX's reasonable judgment, affiliates of OMAX within the meaning of Rule 145 promulgated under the Securities Act as of the date of the merger agreement. These agreements will generally provide that such affiliates will not sell, transfer or otherwise dispose of the shares of Flow common stock issued to that affiliate in the merger other than in compliance with Rule 145 promulgated under the Securities Act of 1933, unless such sale, transfer or disposition is made pursuant to an effective registration statement or the affiliate delivers to Flow a written opinion from counsel that is reasonably acceptable to Flow, that the sale, transfer or disposition is otherwise exempt from registration under the Securities Act. Additionally, the affiliate agreements will provide that Flow may place legends on the stock certificates and place stop transfer orders with its transfer agent to ensure compliance with Rule 145.

PROPOSAL TWO ADJOURNMENT OR POSTPONEMENT OF SPECIAL MEETING

Approval of Adjournment or Postponement of OMAX's Special Meeting

If OMAX fails to receive a sufficient number of votes to approve the adoption of the merger agreement, as amended, OMAX may propose to adjourn or postpone OMAX's special meeting, whether or not a quorum is present, for a period of not more than 30 days for the purpose of soliciting additional proxies to approve the adoption of the merger agreement as amended. OMAX currently does not intend to propose adjournment or postponement at OMAX's special meeting if there are sufficient votes to approve adoption of the merger agreement as amended. If approval of the

proposal to adjourn or postpone OMAX's special meeting for the purpose of soliciting additional proxies is submitted to OMAX's shareholders for approval, such approval requires the affirmative vote of a majority of the votes cast at the OMAX special meeting by the holders of shares of OMAX common stock present or represented by proxy and entitled to vote thereon.

Board Recommendation

OMAX's board of directors unanimously recommends that OMAX's shareholders vote FOR the proposal to adjourn or postpone OMAX's special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the proposal regarding the adoption of the merger agreement as amended.

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THE SPECIAL MEETING OF OMAX SHAREHOLDERS

General

OMAX is furnishing this proxy statement to OMAX shareholders in connection with the solicitation of proxies by the OMAX board of directors for use at the special meeting of OMAX shareholders, including any adjournment or postponement of the special meeting.

Date, Time and Place of the Special Meeting

The special meeting of OMAX shareholders will be held at OMAX Corporation, 21409 72nd Avenue South, Kent, Washington on [], 2009, at 8 a.m. local time.

Purpose of the OMAX Special Meeting

The purpose of the OMAX special meeting, including any adjournment or postponement thereof, is to ask OMAX shareholders to consider and vote upon and approve the adoption of the merger agreement as amended. In addition, OMAX shareholders may be asked to consider and vote upon a proposal to grant OMAX management the discretionary authority to adjourn or postpone the special meeting to a date not later than [], 2009, in order to enable the OMAX board of directors to solicit additional proxies in favor of the adoption of the merger agreement as amended, if necessary. At this time, the OMAX board of directors is unaware of any matters, other than as set forth in the preceding sentence, that may be presented for action at the special meeting.

A copy of the merger agreement, dated as of September 9, 2008, by and among OMAX, Flow and Orange Acquisition Corporation, a wholly-owned subsidiary of Flow International Corporation, is attached to this proxy statement/prospectus as Annex A. A copy of the first amendment to the merger agreement, dated as of November 10, 2008, is attached to this proxy statement/prospectus as Annex B. OMAX shareholders are encouraged to read the merger agreement and the amendment in their entirety.

THE MATTERS TO BE CONSIDERED AT THE OMAX SPECIAL MEETING ARE OF GREAT IMPORTANCE TO OMAX SHAREHOLDERS. ACCORDINGLY, OMAX SHAREHOLDERS ARE URGED TO READ AND CAREFULLY CONSIDER THE INFORMATION PRESENTED IN THIS PROXY STATEMENT/PROSPECTUS, AND TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED PRE-ADDRESSED POSTAGE-PAID ENVELOPE.

Recommendation of the OMAX Board of Directors

After careful consideration, the OMAX board of directors has unanimously determined it advisable and in the best interests of OMAX and its shareholders that OMAX proceed with the adoption of the merger agreement as amended and that the merger is fair to OMAX and its shareholders.

The OMAX board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement as amended and FOR the proposal to grant discretionary authority to OMAX management to vote your shares to adjourn or postpone the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the adoption of the merger agreement as amended.

If your submitted proxy card does not specify how you want to vote your shares, your shares will be voted FOR the adoption of the merger agreement as amended and FOR the grant of discretionary authority to OMAX management to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Admission to the Special Meeting

OMAX shareholders of record as of the close of business [], 2009, and other persons holding valid proxies for the special meeting are entitled to attend the OMAX special meeting.

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Record Date and Shareholders Entitled to Vote

Shareholders Entitled to Vote. Only holders of OMAX common stock at the close of business on [], 2009, the record date for the OMAX special meeting, are entitled to notice of and to vote at the OMAX special meeting. On the record date, approximately [] shares of OMAX common stock were issued and outstanding and there were approximately [] holders of record. OMAX shareholders on the record date are each entitled to one vote per share of OMAX common stock on the proposal to adopt the merger agreement as amended.

How to Vote Your Shares

Shareholders of record may vote by mail or by attending the special meeting and voting in person. If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. Alternatively, you may transmit your proxy by following the instructions on the proxy card.

Any shareholder executing a proxy may revoke it at any time before it is voted by:

delivering to OMAX prior to the special meeting a written notice of revocation addressed to James M. O Connor, Corporate Secretary, OMAX Corporation, 21409 7th Avenue South, Kent, Washington 98032;

delivering to OMAX prior to the special meeting a properly executed proxy with a later date; or

attending the special meeting and voting in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

Each proxy returned to OMAX (and not revoked) by a holder of OMAX common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted FOR approval of the merger agreement and FOR the proposal to adjourn the special meeting to another time or place if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

At this time, the OMAX board of directors is unaware of any matters, other than as set forth above, that may be presented for action at the special meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Quorum, Adjournment and Postponement

OMAX's bylaws provide that a majority of the outstanding shares, represented in person or by proxy, constitutes a quorum for a meeting of shareholders and a quorum must be present before any action may be taken at such meeting. A meeting of shareholders may be adjourned if a quorum is not present or represented at such meeting by a majority of shares present in person or represented by proxy at such meeting. When a special meeting is adjourned to another time or place, notice need not be given. At the adjourned special meeting, OMAX may transact any business which might have been transacted at the original special meeting if a quorum is then present.

Required Vote and Abstentions

James M. O Connor, the Secretary of OMAX, will act as inspector of elections at the special meeting and will ascertain whether a quorum is present, tabulate the votes and determine the voting results on all matters presented to

the OMAX shareholders at the special meeting. If a quorum is not present, OMAX expects that the OMAX special meeting will be adjourned to allow additional time to obtain additional proxies or votes, and at any subsequent reconvening of the OMAX special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the reconvening of the OMAX special meeting.

In order for the proposal to approve the adoption of the merger agreement as amended to be approved, the holders of a majority of the shares of OMAX common stock issued and outstanding and entitled to vote on the record date must vote to approve the proposal to adopt the merger agreement as amended. In order for the proposal to grant discretionary authority to OMAX management to adjourn or postpone the special meeting in order to enable the OMAX board of directors to obtain additional proxies in favor of the adoption of the merger agreement as

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amended, to be approved, the holders of a majority of the votes cast at the special meeting must vote to approve such proposal.

Abstentions and failures to vote, while counted in determining whether a quorum is present, will have the same effect as a vote against the proposal to adopt the merger agreement as amended. Abstentions and failures to vote will also have the same effect as a vote against the proposal to grant discretionary authority to OMAX management to adjourn the special meeting to solicit additional proxies.

Voting by OMAX Directors and Executive Officers

The directors and executive officers of OMAX, together with The B-L Holding Company, collectively own approximately []% of the outstanding shares of OMAX common stock as of the record date for the special meeting, and have entered into irrevocable voting agreements and proxies with Flow pursuant to which they have agreed to vote all of their shares in favor of the merger agreement. See Proposal One The Merger Voting Agreements on page 57.

Revoking Your Proxy

You may revoke your proxy at any time before the proxy is voted at the OMAX special meeting by:

submitting a written notice of revocation to the Secretary of OMAX at 21409 72nd Avenue South, Kent, Washington 98032 bearing a later date than the proxy;

granting a duly executed proxy relating to the same shares and bearing a later date (which automatically revokes the earlier proxy) and delivering it to the Secretary of OMAX; or

voting in person at the OMAX special meeting.

Simply attending the OMAX special meeting will not revoke a proxy.

Other Matters

The OMAX board of directors is not aware of any other business to be brought before the OMAX special meeting or any adjournment or postponement of the special meeting. If, however, other matters are properly brought before the OMAX special meeting (including any proposal to adjourn the special meeting) or an adjournment or postponement thereof, the persons appointed as proxies will have discretionary authority to vote the shares of OMAX common stock represented by duly executed proxies in accordance with their discretion and judgment.

Solicitation of Proxies and Expenses

OMAX and Flow will share expenses incurred in connection with the filing and printing this proxy statement/prospectus. OMAX will be responsible for any fees incurred in connection with the solicitation of proxies for the OMAX special meeting. In addition to solicitation by mail, the directors, officers, employees and agents of OMAX may solicit proxies from OMAX shareholders by telephone, fax, internet or other electronic means or in person. OMAX estimates that the total expenditures in connection with its proxy solicitation will be less than \$10,000. OMAX also may use several of its regular employees, who will not be specially compensated, to solicit proxies from OMAX shareholders, either personally or by mail, telephone, internet or facsimile.

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INFORMATION REGARDING OMAX S BUSINESS

Overview

OMAX Corporation is a Washington corporation, based in Kent, Washington, and is a leading provider of precision-engineered, computer-controlled, two-axis abrasive-jet systems for use in the general machining shop environment.

OMAX was incorporated in Washington in 1993 as Auburn Machine Tool, Inc. OMAX was first established to commercialize a new patented motion control technology, described as Compute First Move Later, which is particularly useful in abrasive-jet machining. OMAX management believes this motion control software, embedded in the OMAX IntelliMax[®] Software Suite, represents an important element to its product offerings. OMAX has over 1,800 abrasive-jet systems installed in over forty countries throughout the world.

The founders of OMAX are Dr. John B. Cheung and Dr. John H. Olsen, both leading experts in the field of waterjet technology. During his previous tenure at Flow Industries, Inc., the original parent company of Flow International Corporation, Dr. Cheung was a leading research scientist in the development of the abrasive-jet process and later COO. While also previously at Flow's parent, Dr. Olsen (as one of the founders of Flow) developed the first high-pressure intensifier pump in the early 1970's and was instrumental in the development of the more efficient crankshaft high-pressure water pump. Dr. Olsen was also the primary developer of the OMAX JetMachining[®] Center, which is discussed in depth under Products and Services below.

Since its inception in 1993, OMAX has primarily focused upon engineering, marketing, sales and service of a standardized line of abrasive-jet systems, referred to as OMAX JetMachining[®] Centers. Abrasive-jet differs from waterjet in its most common usage for cutting and machining harder materials, such as metals and stone, which cannot be cut with waterjet alone. The injection of an abrasive media, such as garnet, into a high velocity water-jet stream creates a very erosive abrasive-jet, impinging, at approximately the speed of sound, against the material to be cut. Almost any solid material can be cut using an abrasive-jet, with the amount of machining time typically dependent on the hardness of the material being machined, i.e. harder materials, such as hardened tool steel, requiring more time.

As a cutting tool, the liquid-state abrasive-jet possesses unique attributes when compared with more traditional cutting tools, such as mills, lathes, drills and combinations thereof. Traditional cutting tools typically feature a solid tool rotated during forward motion, in which cutting passes are made and surface area is gradually shaved or ground off, often in multiple passes. The solid tool does not change shape, other than perhaps becoming progressively less sharp, until eventual replacement. Setting machine tool speeds for forward motion and tool rotation generally may not require much variation.

By contrast, the abrasive-jet tool in a liquid rather than solid state is always changing shape and direction during the cutting process. The behavior is controllable, by constantly adjusting the traverse speed (for example, slower speeds present less trailback) and, more recently, by changing the angle of attack of the jet itself (presenting one straight jet wall side by angling the jet to compensate for taper). But traditional machine tool controllers, where speed and/or angular inputs were often manual, had proved impractical to accommodate the abrasive-jet's unique need for near constant and minute changes in speed (to thousands of points per inch).

OMAX founders solved this challenge by incorporating mathematical models of the abrasive-jet process embedded in software, which could operate on any microprocessor, such as a PC, to program and store a complex path of motion control instructions for later delivery to the machine tool motor controllers. Rather than inputting speeds, the operator

inputs one or more values designating one or more qualities of result desired (if more than one quality is desired), along with inputs for material, thickness and machine setup parameters. The embedded software then executes a model of the process, storing the resultant motion program. Referred to as Compute First Move Later, this patented process proved to be an enabling technology for significantly improving the utility of abrasive-jet machine tools, now both much more user friendly and markedly faster and more precise cutting tools for manufacturing close tolerance parts. Coupled with pioneering work in the design and manufacture of direct drive (crank driven) ultra-high pressure pumps, OMAX commenced the development of a variety of X-Y table sizes,

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pump horsepower options and accessories, rapidly overtaking most competitors, to become the leading manufacturer of precision abrasive-jet X-Y machine tools.

OMAX's management believes it has benefited from the singular focus on standardized abrasive-jet systems and related accessories, so as not to dilute the product engineering efforts towards specially engineered solutions for a very few clients' requirements. From its headquarters (and only facility) in Washington state, OMAX sells primarily (and in its international markets outside of North America, almost exclusively), through the largest network of indirect machine tool distributors in the abrasive-jet industry, assisted by OMAX field sales personnel. As management believes that OMAX's product strengths are best illustrated in a live demonstration format, its marketing efforts heavily emphasize presence at local trade shows and open houses throughout the world, coordinating closely with its network of distributors to determine proper local venues.

To maintain flexibility in product demand, OMAX has also developed a network of subcontract manufacturers, responsible for component production to OMAX's engineering specifications, except for critical elements of either the proprietary ultra-high pressure pumps or its proprietary OMAX IntelliMax[®] software, for which OMAX may maintain in-house responsibility. Finally, through either its distributors (particularly outside the United States) or its own field and customer support staff, OMAX emphasizes continuing customer service, for after-market sales of spares and consumables, accessories and field services.

Unless otherwise specified, current information reported in this proxy statement/prospectus is as of, or for the year ended December 31, 2007.

Business Segments and Sales Outside the United States

OMAX operates its business in one reportable segment. For the year ended December 31, 2007, 66%, or \$41.2 million, of total consolidated sales were to customers in the United States. For the year ended December 31, 2007, 34%, or \$21.5 million, of total consolidated sales were to customers outside the United States, including \$12.3 million of sales from Europe.

For further discussion on OMAX's results of operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations for OMAX on page 68 of this proxy statement/prospectus.

Products and Services

OMAX's mission is to provide the highest value customer-driven abrasivejet cutting solutions, with strong after-market support. OMAX strives to improve its customers' profitability through the development of innovative products and services that expand its customers' markets and increase their productivity.

Since its inception, OMAX has primarily focused on engineering, marketing, selling and servicing a standardized line of abrasive-jet systems, referred to as OMAX JetMachining[®] Centers. OMAX's management believes OMAX has benefited from the singular focus on standard abrasive-jet systems and related accessories, so as not to dilute the product engineering efforts towards specially engineered solutions for a very few clients' requirements.

By 2005, OMAX had engineered a family of modular abrasive-jet systems, in which different sized X-Y tables, from approximately 2 ft. by 2 ft. upwards to 6 ft. by 12 ft. could be combined with different size horsepower direct drive pumps, operating to 55,000 psi, all featuring the same patented OMAX controller system and OMAX abrasive-jet feed system, together with a range of modular accessories which could be added on at any time. A key element of the OMAX product line to date has been its adaptability, with any pump or accessory which can be retrofit to any previous OMAX JetMachining[®] Center ever made, as OMAX engineering efforts have continued to expand the

market opportunities for abrasive-jet technology. Presently, OMAX offers seven standard table sizes, including one modular design which may be added to in six (6) foot intervals in the X-axis (over the standard 12 foot length). Three of the present seven table sizes were added in 2007.

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Parts and Services

OMAX vigorously pursues a continuous stream of updates to OMAX IntelliMax[®] Software Suite, particularly seeking to increase both cutting speeds and precision, while also improving user friendliness of its OMAX JetMachining[®] Center (per active client input), including those systems already in the field. Unique within the abrasive-jet industry, OMAX has historically provided these software updates free for life to the original equipment owners, providing the OMAX client with a continuous competitive renewal. That emphasis on continuous process model improvement, as embedded in the OMAX IntelliMax[®] software, has enabled OMAX clients to enjoy cumulative improvements in cutting speeds in excess of 30% to 40%, (or more) over our history, along with increasing part accuracy, depending upon the part design and material. Moreover, this could be achieved by OMAX clients without the need for any hardware improvements to increase pump pressure, water flow or abrasive used. For the same hydraulic horsepower delivered at the nozzle, the OMAX JetMachining[®] Center typically cuts both significantly faster and more precisely than competitive abrasive-jet equipment, just by maintaining software updates and more efficiently utilizing the abrasive-jet. We have also emphasized advanced user education, through classes, onsite training (both for fee) and periodic free engineering sessions at local trade shows and open houses. We believe this has generally enabled our clients to improve their own competitiveness, keeping their OMAX equipment busy and increasing use of consumables, spare parts and services.

Marketing and Customers

OMAX markets its standardized line of OMAX JetMachining[®] Centers, in over forty countries throughout the world, primarily through local independent distribution. In the United States, that sales channel is typically characterized as independent machine tool distributors, which entities often represent other machine tool lines, in addition to OMAX. Outside of the United States (and particularly for the next largest geographic market in Europe), OMAX's distributors tend to be owner/users of OMAX JetMachining[®] Centers, in a job shop environment, and often focus only on OMAX equipment sales and job shop services using one or more OMAX JetMachining[®] Centers. Within North America, OMAX sales personnel may also be engaged in direct sales to the end user, where a geographic territory is not served by an independent distributor/agent.

In educating the marketplace of the value of OMAX technology over more traditional cutting technologies and also other waterjet competitors, OMAX has emphasized live local demonstration of the OMAX JetMachining[®] Center, ideally cutting a potential client's own specific requirements as test parts. This is accomplished through a network of demonstration models at distributor facilities and at local trade shows.

Given the job shop experience of OMAX's international user/distributors, OMAX has been able to rely on the technical personnel within those international user/distributors to provide local after-market parts and service support, in the local language. For the United States, a select group of domestic distributors are also responsible for local after-market service; with OMAX otherwise providing domestic technical field service support directly to the end users.

OMAX has established strong relationships with a diverse set of customers. For the year ended December 31, 2007, one distributor accounted for \$6.7 million of OMAX's sales. OMAX's relationship with this distributor has terminated. No other customer accounted for more than 10% of its revenue.

OMAX's sales are affected by worldwide economic changes. However, OMAX believes that its ability to gain market share in the machine cutting tool market due to the productivity enhancing nature of its ultrahigh-pressure technology and the diversity of its markets, along with the relatively early adoption phase of its technology, enable it to absorb cyclical downturns with less impact than conventional machine tool manufacturers.

Competition in Our Markets

OMAX's major markets both domestic and foreign are highly competitive, with its products competing against other waterjet competitors as well as technologies such as lasers, saws, plasma, shears, routers, drills, and abrasive blasting techniques. Most of its waterjet competitors provide only portions of a waterjet system such as pumps or control systems. Other competitors integrate components from a variety of suppliers to provide a complete solution.

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OMAX competes primarily in the mid-tier segment of the abrasive-jet cutting market. It competes in these markets through product quality and superior service reliability, value, service and technology.

Abrasive-jet technology provides manufacturers with an alternative to traditional cutting methods, which utilize lasers, wire EDM, saws, knives, shears, plasma, routers and drills. Many of the companies that provide these competing methods are larger and more established than OMAX.

Abrasive-jet cutting systems offer manufacturers many advantages over traditional cutting machines including an ability to cut or machine virtually any material, in any direction, with improved manufacturing times, and with minimal impact on the material being cut. These factors, in addition to the elimination of secondary processing in many circumstances, enhance the manufacturing productivity of its systems.

In addition to pumps and systems, OMAX sells spare parts and consumables. It believes that its practice of delivering free software upgrades that enhance system performance encourages client loyalty and increased use of spares and consumables. OMAX faces competition from numerous other companies who sell non-proprietary replacement parts for its machines, primarily at a lower price.

Raw Materials

OMAX depends on the availability of raw materials, parts and subassemblies from its suppliers and subcontractors. Principal materials used to manufacture its OMAX JetMachining[®] Centers and related accessories and spares are metals, and plastics, typically in sheets, bar stock, castings, forgings and tubing. It also purchases many electrical and electronic components, fabricated metal parts, high-pressure fluid hoses, ball screws, seals and other items integral to its products. Suppliers are competitively selected based on cost, quality, and delivery. OMAX's suppliers' ability to provide timely and quality raw materials, components, kits and subassemblies affects its production schedules and contract profitability. It maintains an extensive qualification and performance surveillance system to control risk associated with this reliance on the supply chain. Most significant raw materials it uses are available through multiple sources.

OMAX's strategic sourcing initiatives seek to find ways of mitigating the inflationary pressures of the marketplace. In recent years, these inflationary pressures have affected the market for raw materials. The weakening dollar is also causing OMAX's supply chain to feel abnormal cost pressures. These factors may force it to renegotiate with its suppliers and customers to avoid a significant impact to its margins and results of operations. These macro-economic pressures may increase operating costs with consequential risk to its cash flow and profitability. As all of OMAX's supply contracts are currently denominated in U.S. dollars, it currently does not have any currency risk.

Intellectual Property

OMAX has a number of patents related to its processes and products both domestically and internationally. Two such patents, OMAX's U.S. Patents 5,508,596 and 5,892,345, are subject to an Agreement Containing Consent Order dated July 10, 2008, between Flow and the Federal Trade Commission (FTC), with respect to the proposed merger. Under the consent decree negotiated with the FTC, Flow will be required, post-merger, to license to other abrasive waterjet companies, on a royalty free basis, licenses to use these two OMAX patents, which relate to the controllers used in waterjet cutting systems. The licenses will not include any transfer of technology, do not cover any other patented equipment or processes owned by Flow or OMAX, and do not apply to any intellectual property outside of the United States.

OMAX believes that other no single patent or group of patents is of material importance to its business as a whole. OMAX also relies on non-patented proprietary trade secrets and knowledge, confidentiality agreements, creative

product development and continuing technological advancement to maintain a technological lead on its competitors.

Product Development

OMAX is committed to maintaining its technology lead through product development. OMAX has made a substantial investment in engineering and research to remain the leader in precision abrasive-jet machining

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equipment. OMAX's successes include revolutionizing the abrasive-jet industry with the first patented PC-based controller for abrasive-jet machining, the most precise X-Y table, and the easiest to maintain direct drive pump technology. The OMAX Research and Development Team includes senior scientists and engineers that have been crucial in all aspects of the development of the OMAX product line.

Research and engineering expenses include personnel costs and other expenses and are centered at its sole office/headquarters facilities in Kent, Washington. For its research and engineering activities, OMAX has maintained a near constant expenditure level approximating 6.5% of revenues during each of the years ended December 31, 2007, 2006, and 2005. During the year ended December 31, 2007, OMAX expensed \$4.1 million related to product research and development as compared to \$3.4 million for 2006 and \$2.3 million for 2005.

Besides its focus on frequent updates to its industry leading OMAX IntelliMax® Software Suite, the investment in research and engineering activities has benefited with four new table designs, in different sizes over the past two years, (out of the seven total table sizes now offered by OMAX), expanding the list of accessories for which OMAX has maintained compatibility back to its original system designs, and value engineering (cost reduction) to maintain margins in the face of rising costs of purchased components. Among the emphasis in new product design, OMAX is now fielding a new motion drive system, referred to as encoder feedback, traction drive, which is offering the opportunity for increasing mechanical accuracy of the table, while simultaneously permitting modular design expansion.

Backlog

OMAX's backlog as of September 30, 2008 was \$3.4 million. Backlog includes firm orders for which written authorizations have been accepted and revenue has not yet been recognized. Generally its products can be shipped within a four to eight week period. The unit sales price for most of its system products ranges from \$90,000 to \$300,000.

Seasonal Variation in Business

Generally, the highest volume of sales occurs in the second half of the calendar year which is influenced by the timing of customer capital budget authorizations and the focus on year-end tax benefits.

Working Capital Practices

There are no special or unusual practices relating to OMAX's working capital items.

Property

OMAX occupied approximately 73,472 square feet of leased floor space in Kent, Washington, on September 30, 2008 for manufacturing, warehousing, engineering, administration and other productive uses. It believes that its principal properties are adequate for its present needs and expect them to remain adequate for the immediate future.

Employees

OMAX had approximately 195 full time employees as of September 30, 2008. All employees are located in the United States.

Legal Proceedings

At any time, OMAX may be involved in certain legal proceedings. Its policy is to routinely assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after thoughtful analysis of each known issue and an analysis of historical experience. It records reserves related to certain legal matters for which it is probable that a loss has been incurred and the range of such loss can be estimated. Management discloses the facts regarding material matters assessed as reasonably possible and potential exposure, if determinable. Costs incurred with defending claims are expensed as incurred. As of September 30, 2008, OMAX

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has not recorded any reserves in this regard, as there are no such legal matters for which it is probable that a loss has been incurred and the range of such loss can be estimated.

On November 18, 2004, in Case No. CV04-2334, OMAX filed suit in federal court in Seattle Washington, against Flow alleging patent infringement, seeking damage awards in excess of \$100 million and seeking a declaration that certain Flow patents are invalid, unenforceable and non-infringed. Flow, in its answer, counterclaimed, seeking a declaration that the patents owned by OMAX are invalid and unenforceable and that OMAX otherwise infringes on Flow's patents, in which Flow sought unspecified damages and an injunction prohibiting OMAX from continuing its alleged patent infringement.

The patents-in-suit include the OMAX Patent Nos. 5,508,596 entitled Motion Control with Precomputation and its continuation patent 5,892,345 and Flow Patent Nos. 6,766,216, entitled Method and System for Automated Software Control of Waterjet Orientation Parameters and its continuation patent 6,996,452. Flow manufactures waterjet equipment that competes with OMAX's equipment. Both the OMAX and the Flow patents are directed at the software that controls operation of the waterjet equipment.

OMAX has and continues to vigorously pursue its claims and defend against Flow's counterclaims; however, the outcome of either the suit or countersuit cannot be estimated. The litigation is currently stayed (but may restart) through at least March 9, 2009, pending the possible outcome of a vote of the shareholders of OMAX, as further described in this proxy statement/prospectus, which may lead to the merger of the parties.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR OMAX**

In this Management's Discussion and Analysis of Financial Condition and Result of Operations for OMAX, references to we, us and our are references to OMAX Corporation.

Current Events

On September 9, 2008, OMAX and Flow executed the definitive merger agreement, (and related supporting agreements). On November 10, 2008, the parties executed an amendment to the merger agreement. Each document is further described in this proxy statement/prospectus. Following the effectiveness of this registration statement (or amendments thereto), OMAX will call a meeting so that the OMAX shareholders may vote on this merger proposal.

Nine Months Ended September 30, 2008 compared to Nine Months Ended September 30, 2007

Changes in Financial Condition and Cash Flows

Cash Flow Changes

Cash generated by operating activities was \$432,000 during the nine months ended September 30, 2008 compared to \$35,000 during the nine months ended September 30, 2007. Changes in our working capital resulted in a lower use of cash in the current period compared to the comparative prior period primarily due to an increase in cash collected from customers as well as a comparative decrease in cash expended for prepaid expenses and income taxes, along with an increase in accounts payable. The increase in revenue, with the corresponding increase in gross profit, were offset by increases in operating expenses related to the contemplated merger with Flow and to fund investments in sales and marketing resources as well as research and engineering efforts, which are necessary to support planned new product introductions.

Cash used in investing activities was \$609,000 for the nine months ended September 30, 2008 compared to \$298,000 in the prior year comparative period due to the timing of investments in machining equipment and trade show booth upgrades.

Cash generated by financing activities of \$38,000 for the nine months ended September 30, 2008 was fairly consistent with cash generated of \$53,000 in the prior year comparative period, as net borrowing remained nearly constant, offset by slightly higher repayment of capital lease obligations, pursuant to such lease terms.

Working Capital

Net receivables are comprised of trade accounts and longer duration but still short term receivables under special terms of agreement. At September 30, 2008, the net receivables of \$12.8 million had decreased slightly, from the balance outstanding at December 31, 2007 of \$12.9 million. The decrease in net receivables stemmed from the trending slower annualized sales growth in the first nine months of 2008 versus comparatively higher growth of sales (on an annualized basis) which particularly occurred during the closing quarter of calendar year 2007.

Our inventory increased approximately 32.4% from 2007 year end levels, to \$10.3 million at September 30, 2008 versus \$7.8 million at December 31, 2007. As noted in our summary of our Results of Operations below, while international sales had continued with strong growth through the third quarter of calendar 2008, domestic sales had

declined modestly during the same period, resulting in the overall increase in inventories. We are modifying future purchasing and build schedules so as to reduce inventory levels over the next two to three quarters.

Liquidity and Capital Resources

We have maintained a line of credit with our bank for the last twelve years, which line is currently set at up to \$6.0 million, as supported by formula from eligible account receivables and inventories. The expiration of our line of credit has been extended from December 31, 2008 to March 9, 2009, in anticipation of completing the merger with Flow on or before that date. OMAX does not anticipate any difficulties should its credit facility need to be further extended. There have been no material changes in any other terms of the credit facility. There have been no other material changes in our liquidity and capital resources since December 31, 2007.

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We believe that our cash from operations along with existing credit facilities at September 30, 2008 (including available extensions) are adequate to fund our operations for at least the next twelve months.

Off-Balance Sheet Arrangements

We had no special purpose entities or off-balance sheet financing arrangements as of September 30, 2008.

Contractual Obligations

During the nine months ended September 30, 2008, there were no material changes outside the ordinary course of business in our contractual obligations and minimum commercial commitments as reported in Tabular Disclosure of Contractual Obligations found on page 76 of this prospectus.

Critical Accounting Estimates and Judgments

There are no material changes in our critical accounting estimates as disclosed in Critical Accounting Estimates found on page 76 of this prospectus. With the adoption of FIN 48 as of January 1, 2008, we have added Uncertain Tax Positions as a critical accounting policy.

Uncertain Tax Positions

We account for uncertain tax positions in accordance with FIN 48. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding its income tax exposures. Interpretations of, and guidance surrounding, income tax laws and regulations change over time. As such, changes in our subjective assumptions and judgments can materially affect amounts recognized in the consolidated balance sheets and statements of income. See Note 9 to the unaudited condensed consolidated financial statements, Income Taxes, for additional detail on the adoption of FIN 48.

Results of Operations***Comparison of Nine Month Periods Ending September 30, 2008 and 2007
(Tabular amounts in thousands)****Sales*

	For the Nine Months Ended September 30, 2008 2007	
Sales		
United States	\$ 27,846	\$ 29,480
International	20,014	13,622
Total	\$ 47,860	\$ 43,102

	For the Nine Months Ended September 30,	
	2008	2007
Sales		
Systems	\$ 38,606	\$ 35,517
Consumables, spare parts and services	9,254	7,585
Total	\$ 47,860	\$ 43,102

See discussion below regarding sales in Calendar Year 2007, 2006 and 2005 for discussion of domestic United States and international sales channels, marketing focus and delivery of after-market service and support within these geographic areas.

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Overall sales continued to increase during the comparative nine month periods, 2008 versus 2007, although the pace of growth had slowed from that experienced at the close of calendar year 2007. Domestically, our sales had a decrease of 5.5% for the comparative prior nine month period, International sales (primarily in Europe) increased a robust 46.9% over the comparative prior period. System sales were up 8.7% and sales of consumables were up 22% for the nine month period ended September 30, 2008, compared to the prior year period. The increase in system sales was lead by the stronger performance for international system sales, up 42.7%, to \$16.7 million from \$11.7 million for the comparative nine month periods in 2008 and 2007, respectively, offset by a modest decline in domestic U.S. sales, down 8.0% for the comparative nine month period, to \$21.9 million versus \$23.8 million for the comparative nine month periods in 2008 and 2007, respectively. Sales of consumables, spare parts and services increased due to the increase of systems in service and the increase in use of those systems by our customers. The continued strong growth of consumables, spare parts and services suggests that the existing OMAX clients continued to remain relatively active in pursuing their own business activities using their OMAX JetMachining® Centers.

Domestically, sales growth was impacted by:

- a) overall slower growth throughout the U.S. economy and particularly in the machine tool market; and
- b) uncertainty on the part of potential clients regarding the overall effect of the proposed merger on the future of OMAX products and service, sometimes as prompted by competitors' suggestions during the selling process.

Internationally, we continued to benefit from favorable exchange rates during a significant portion of 2008, (which favorable rates had however begun to reverse midway into the third calendar quarter), and seemingly, the distance of such markets from the U.S. domestic markets. These offshore markets appeared not to have experienced the local slowing of general economic growth or negativity due to the subject of the merger, which subject arose much less frequently in the sales process, including from our foreign competitors.

Late in the first quarter of calendar year 2008, we introduced the OMAX Dual 80 (80 horsepower) direct drive pump system (OMAX Dual 80) in response to the competitive introduction of higher horsepower/higher pressure intensifier systems in the marketplace. Owing to the increased efficiency of the OMAX direct drive pump technology over competitive intensifier brands, the OMAX Dual 80 is designed to deliver higher hydraulic horsepower at the nozzle (via higher flow rate) than newer competitive single higher pressure intensifier pumps, which alternatively focus on higher pressure/lower flow. When coupled with the OMAX IntelliMax® software, used for planning the abrasive-jet s tool path, the OMAX Dual 80 enables the OMAX client to compete very successfully, both in terms of speed and continued superiority in part precision, against the most recently introduced competitive intensifier pump-based abrasive-jet systems. The OMAX Dual 80 can be retrofit to any of the existing OMAX JetMachining® Centers currently in operation. Deliveries began in the second calendar quarter of 2008, both as a part of new OMAX JetMachining® Centers and as updates to existing systems.

Gross Margin

	For the Nine Months Ended September 30,	
	2008	2007
Gross Margin		
Total	\$ 17,004	\$ 15,314

Our gross margin as a percent of sales for the periods noted below is summarized as follows:

	For the Nine Months Ended September 30,	
	2008	2007
Gross Margin Percentage Total	35.5%	35.5%

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Gross margin as a percentage of sales for the nine months ended September 30, 2008 was consistent with the prior year same period, with gross margin in absolute dollars increasing by around \$1.7 million, reflecting the overall increase in sales of \$4.8 million for the comparative period. This stability in gross margin reflects the opposing effects of increases in both component pricing and shipping costs to the factory, offset by a value engineering program focused on lowering overall system costs for larger sized systems, which program was completed in the second half of 2007.

Sales and Marketing Expenses

	For the Nine Months Ended September 30, 2008 2007	
Sales and Marketing Total	\$ 9,394	\$ 7,645

See discussion below regarding Sales and Marketing Expenses in Calendar Year 2007, 2006 and 2005 for discussion of the various components of such expenditures.

Sales and marketing expense (including customer and field service) increased by approximately 22.9% for the comparative nine month periods, with the increases focused primarily in the sub-areas of marketing and customer/field service. This reflects our focus on expenditures for longer term market expansion, including new trade shows in new geographical markets and in emphasized brand identification for the OMAX JetMachining[®] Centers; OMAX IntelliMax[®] software; and after-market OMAX customer service. Sales headcount also continued to increase, anticipating growing product demand by 2009 and the need to be ready with OMAX sales representatives who are then well versed in the technical aspects of the OMAX JetMachining[®] Center. We expect that investments made in our sales force should pay off in 2009. We consider investment in sales and marketing personnel to be critical to our ability to generate strong sales volumes in the future.

Sales and marketing expenses, as a percentage of sales, were slightly increased at 19.6% versus 17.7% for the comparative first nine month period in calendar year 2008 versus 2007.

Research and Engineering Expenses

	For the Nine Months Ended September 30, 2008 2007	
Research and Engineering Total	\$ 3,583	\$ 3,034

For the comparative nine month periods, our research and engineering expenses have increased approximately 18.1%. This reflects the focus of our research and engineering efforts to complete a number of hardware and software projects: the introduction of extended length tables in the largest sized X-Y tables; improvement in the speed and precision capabilities of the proprietary OMAX Trac-Drive motion system; release of the next major update (Rev. 12) to the OMAX IntelliMax[®] software; along with new accessories for all systems, to be made available in the fourth calendar quarter of 2008, (including an indexing (rotating) axis of motion which was introduced in September, 2008) and into calendar year 2009. We consider investment in research and development to be critical to our ability to maintain our competitive advantage in the future.

Research and engineering expenses, as a percentage of sales, also show an increase to 7.5% versus 7.0% for the comparative nine month period in calendar year 2008 versus 2007.

Table of Contents*General and Administrative Expenses*

	For the Nine Months Ended September 30,	
	2008	2007
General and Administrative Total	\$ 2,494	\$ 3,500

For the comparative nine month period, general and administrative expenses decreased by \$1 million, reflecting a decline in general and administrative expenses as a percent of sales from 8.1% for the nine months ended September 30, 2007 to 5.2% in the current period. The decrease primarily reflects the net decline in the 2008 period of \$968,000 in outside professional fees attributable to the now suspended patent litigation versus Flow during the 2007 period, offset by the incurrence of outside professional fees associated with the pending merger in 2008 to date. Other aggregate expense accounts have also declined, particularly reflecting lower expenses for bonuses expected for calendar year 2008.

As discussed below regarding general and administrative expenses for calendar years 2007, 2006 and 2005, we will continue to review our positions for prior year state tax filings. In some instances, additional information may become available that would cause us to accrue additional estimates of the taxes due, including interest.

Operating Income

	For the Nine Months Ended September 30,	
	2008	2007
Total	\$ 1,532	\$ 1,136

The reasons for the increase in consolidated operating profit of approximately \$396,000 for the comparative nine month period have been described in the paragraphs above addressing changes in operating expenses.

Income Taxes

For the nine months ended September 30, 2008, our tax provision consists of a current tax benefit and deferred tax expense. We recorded a liability of \$1.4 million for certain current export earnings that qualify for federal income tax deferral. We have no remaining net loss carryforwards, nor tax credit carryforwards. We incurred \$619,000 of non-deductible expenditures associated with the merger during the nine month period ending September 30, 2008.

For the nine months ended September 30, 2007, our tax provision consisted of a current tax benefit and deferred tax expense. We recorded a liability of \$914,000 for certain current export earnings that qualify for federal income tax deferral. We had no remaining net loss carryforwards, nor tax credit carryforwards as of September 30, 2007. We had no merger related costs during the nine months ended September 30, 2007.

Our effective tax rate was 49.2% for the nine months ended September 30, 2008 compared to 42.3% for the nine months ended September 30, 2007. Our effective tax rates for the nine months ended September 30, 2008 and 2007 were higher than our statutory rates for both periods mainly as a result of certain non-deductible acquisition costs and non-deductible stock compensation.

Net Income

Our net income for the nine months ended September 30, 2008 was \$595,000 compared to \$472,000 in the comparative prior period. The reasons for the increase in net income have been described in the paragraphs above addressing changes in operating expenses.

Table of Contents**Results for Calendar Years 2007, 2006, and 2005***Sales*

	Calendar Year		
	2007	2006	2005
	(Tabular amounts in thousands)		
Sales			
United States	\$ 41,211	\$ 35,249	\$ 27,351
International	21,460	18,282	10,163
Total	\$ 62,671	\$ 53,531	\$ 37,514
	2007	2006	2005
Sales			
Systems	\$ 52,397	\$ 45,318	\$ 31,151
Consumables, spare parts and services	10,274	8,213	6,363
Total	\$ 62,671	\$ 53,531	\$ 37,514

From 2005 to 2007, total sales were up \$25.2 million or 67%, with international sales increasing by over 111%. We believe that this is the result of the continued improvement in market awareness of the benefits of abrasive-jet generally and the OMAX JetMachining® Center specifically. During 2005 to 2007, we increased attendance at local trade shows and open houses to expose the market particularly to the unique features of the OMAX technology. International sales also benefitted from the weaker U.S. dollar, especially against the Euro.

During 2007 we added to the product line, with three of the present seven table sizes added late in the calendar year. We experienced an overall sales growth of 17%. Traditionally, sales have accelerated in the second half of each of the last several calendar years, potentially aided by year-end capital equipment purchasing patterns, as influenced by federal tax incentives. Growth during 2007 was impacted by increasing numbers of competitors entering the marketplace, either for the first time or existing competitors with new products.

During the two year period 2005 to 2007, both systems sales and sales of after-market products and services enjoyed increases over 60%, with the growth of system sales, at 68%, slightly outpacing the growth of after-market products and services for the two year period. Sales growth for after-market products and services has remained a relatively consistent annual growth pattern, of 25% and 29% from 2007 versus 2006 and from 2006 versus 2005, respectively.

Gross Margin

	2007	2006	2005
Gross Margin			

Total	\$ 22,572	\$ 19,672	\$ 13,899
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Our gross margin as a percent of sales for the periods noted below is summarized as follows:

	2007	2006	2005
Gross Margin Percentage			
Total	36.0%	36.7%	37.1%

Gross margin has increased by 62% between 2005 and 2007 due to the growth in global sales as discussed above. Gross margin as a percent of sales has declined slightly from 37.1% in 2005 to 36.0% in 2007, owing to a variety of factors, including changes in product mix, local competitive environments, and inflationary pressures on component costs, as partially mitigated by the our product value engineering efforts.

Table of Contents*Sales and Marketing Expenses*

	2007	2006	2005
Sales and Marketing Total	\$ 10,940	\$ 8,162	\$ 5,541

Our sales and marketing costs include direct sales personnel, sales management, personnel engaged in OMAX's marketing activities and attendant costs, such as trade show and advertising, along with the costs of customer service and field technical service (other than installations in costs of goods sold). During the two year period, personnel have grown approximately 60%, with the highest growth among customer and field service personnel, as management focused on increasing capabilities for client support and responsiveness in the field. We consider investment our sales and marketing personnel to be critical to our ability to generate strong sales volumes in the future.

Expenses have increased from around 15% of sales in each of the previous two years, to around 18% of sales for 2007. This reflects increases to both marketing personnel to support new corporate marketing outreach activities, including the emphasis for increased trade show attendance, and also increases in sales headcount, which personnel require training in the technical aspects of the OMAX product sale, before they become fully effective. We believe that these investments will serve multiple purposes, including the further enhancement of the OMAX brand (as demonstrated by a commitment to customer and field service) and concurrently increased penetration into new and existing markets for the OMAX abrasive-jet products and services.

Research and Engineering Expenses

	2007	2006	2005
Research and Engineering Total	\$ 4,140	\$ 3,436	\$ 2,376

Research and engineering expenditures, by absolute dollars, increased by 75% from 2005 to 2007 but remained at approximately 6.5% of sales.

The investment in research and engineering activities has been focused on introducing four new table designs, in different sizes over the past two years, (out of the seven total table sizes that OMAX now offers), expanding the list of accessories for which OMAX has maintained compatibility back to its original system designs, and value engineering (cost reduction) to maintain margins in the face of rising costs of purchased components. We consider investment in research and development to be critical to our ability to maintain our competitive advantage in the future.

Additionally, we emphasize continued improvement in the capabilities of OMAX IntelliMax® Software Suite, generally providing two to three updates per year. Such updates are focused on constant improvements to both speed and precision of the OMAX abrasive-jet cutting process, by updating of the software's process models, as more continues to be learned about the behavior of the abrasive-jet.

General and Administrative Expenses

	2007	2006	2005
General and Administrative Total	\$ 5,027	\$ 3,505	\$ 2,806

General and administrative expenses as a percentage of sales were 8.0%, 6.5%, and 7.5% of revenues for 2007, 2006 and 2005, respectively. During the three year period, core general and administrative costs, as a percent of sales, have fallen, but were offset by increases in expenditures for outside professional fees attributable to the now suspended patent litigation versus Flow and merger related professional fees. Professional fees related to the patent litigation with Flow were \$1.6 million, \$681,000 and \$581,000 in 2007, 2006 and 2005, respectively, and professional fees related to the merger with Flow were \$129,000 in 2007. Additionally, during 2007, OMAX

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reviewed its positions for prior year state tax filings, both on revenues and income, and accrued estimates of the taxes that would likely be due as a result of revising these filings, including any arrearages and interest thereon. The impact of these additional expenses was an increase in general and administration expenses of \$486,000 and \$157,000 in 2007 and 2006, respectively. General and administrative costs are expected to decline once the merger with Flow is consummated.

Operating Income

	2007	2006	2005
Operating Income			
Total	\$ 2,465	\$ 4,568	\$ 3,176

The reasons for the changes in operating profit by segment have been described in the paragraphs above addressing changes in sales, gross margin and operating expenses.

Income Taxes

In our calendar year 2007, our tax provision consisted of current and deferred tax expense. We recorded a liability of \$723,000 for certain current export earnings that qualify for federal income tax deferral. Our net operating loss and tax credit carryforwards were fully utilized as of December 31, 2007.

In our calendar year 2006, our tax provision consisted of current and deferred tax expense. We recorded a liability of \$439,000 for certain current export earnings that qualify for federal income tax deferral. Our net operating loss and tax credit carryforwards were fully utilized as of December 31, 2006.

In our calendar year 2005, our tax provision consisted of current and deferred tax expense. Our net operating loss and tax credit carryforwards were fully utilized as of December 31, 2005.

Our effective tax rate was 34.3%, 33.3% and 28.3% for the calendar years ending December 31, 2007, 2006 and 2005, respectively. The increase in our effective tax rate for calendar years 2006 and 2007 is mainly attributable to utilization of net operating loss and tax credit carryforwards in calendar year 2005.

Net Income

Net income was \$1.3 million, \$2.8 million, and \$2.0 million in 2007, 2006 and 2005, respectively. Changes in net income year over year have been addressed in the preceding paragraphs.

Changes in Financial Condition*Cash Flow Summary*

Cash generated from operations, before the effects of changes in remaining working capital accounts, varied from \$2.0 million for calendar year 2007 to \$3.7 million for calendar year 2006 to \$2.6 million for 2005. Revenues did increase in each successive year from 2005 forward, however higher operating expenses for calendar year 2007, as discussed above, resulted in lower cash flow from operations for calendar year 2007, as compared to the two prior calendar years.

Adjusted for changes in operating accounts, approximately \$1.0 million was used in operating activities for calendar year 2007, versus net cash being provided from operating activities in the amount of \$0.5 million and \$0.8 million in 2006 and 2005, respectively. This use of cash from operating activities for 2007 was particularly driven by an increase of around 44% in year end receivables to \$12.9 million at calendar year end 2007 versus \$8.9 million at calendar year end 2006, net of changes in other operating accounts.

Net cash used in investing activities approximated \$0.6 million, \$0.7 million and \$0.5 million, in calendar years 2007, 2006 and 2005 respectively. The use of cash in 2007 was related to investment in a new enterprise management software (EMS) package while the use of cash in 2006 and 2005 was related to an investment in manufacturing equipment which offers a manufacturing cost savings by moving certain component manufacturing

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in-house. The implementation of the EMS software has been temporarily suspended, pending resolution of the merger with Flow, as Flow is undergoing its own implementation project for enterprise resource management.

Net cash provided by (or used in) financing activities was \$1.5 million for calendar 2007 versus \$0.3 million for 2006 and \$0.2 million use of cash in 2005. Our \$6.0 million line of credit, of which \$5.1 million was outstanding at calendar year end 2007, generally provided the cash used in financing activities.

Working Capital

Net receivables are comprised of trade accounts and longer duration but still short term receivables under special terms of agreement. At December 31, 2007, the net receivables of \$12.9 million had increased substantially by almost \$4.0 million from the balance outstanding at December 31, 2006 of \$8.9 million. The increase in net receivables stemmed from a significant increase in fourth quarter shipments, particularly right before the close of the year end. In general, receivables have a traditionally longer payment cycle outside the United States.

We were able to manage inventory levels by year end 2007 versus year end 2006, as inventory levels were up 3% to \$7.8 million versus the change in revenues for 2007 versus 2006 of approximately 17%.

Liquidity and Capital Resources

We have maintained a line of credit with our bank for the last twelve years, which line is currently set at up to \$6.0 million, as supported by formula from eligible account receivables and inventories. The expiration of our line of credit has been extended from December 31, 2008 to March 9, 2009. OMAX does not anticipate any difficulties if its credit facility should need to be further extended. There have been no material changes in any other terms of the credit facility. There have been no other material changes in our liquidity and capital resources since December 31, 2007.

Tabular Disclosure of Contractual Obligations

The following table summarizes our principal contractual obligations and other commercial commitments over various future periods as of December 31, 2007. See Note 11 to December 31, 2007 Consolidated Financial Statements for additional information regarding long-term debt and lease obligations, respectively.

	Maturity by Fiscal Year						
	2008	2009	2010	2011	2012	Thereafter	Total
	(In thousands)						
Building leases	\$ 420	\$ 378					\$ 798
Long-term debt, notes payable & Capital leases	\$ 491	\$ 477	\$ 290	\$ 76	\$ 59		\$ 1,393
Total	\$ 911	\$ 855	\$ 290	\$ 76	\$ 59		\$ 2,191

The table is based on the contractual due dates of the long-term capital leases and building leases. In addition to the amounts included at the table, we maintain rolling long term commitments for inventory purchases approximating \$8.0 to \$10.0 million at any one time, and covering inventory purchases, according to their respective component lead times, out up to 39 weeks or less, depending upon the component and its individual lead time.

The table does not include the line of credit which expires at December 31, 2008. Long-term debt, notes payable and lease commitments are expected to be met from working capital provided by operations and, as necessary, by other borrowings.

Off-Balance Sheet Arrangements

We had no special purpose entities or off-balance sheet financing arrangements as of December 31, 2007.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The

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preparation of these financial statements requires it to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. We believe that our critical accounting estimates are limited to those described below. For a detailed discussion on the application of these estimates and our accounting policies, refer to Note 1 of the Financial Statements.

Revenue Recognition

We recognize revenue for sales of OMAX JetMachining® Centers, spare parts, consumables, services, and billing for freight charges, in accordance with SEC Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition in Financial Statements and EITF Issue No. 00-21 (EITF 00-21), Revenue Arrangements with Multiple Deliverables. Additionally, because our OMAX IntelliMax® software is essential to the functionality of our OMAX JetMachining® Centers, we recognize revenue on sales of our abrasive-jet systems in accordance with Statement of Position 97-2 (SOP 97-2), Software Revenue Recognition. Specifically, OMAX recognizes revenue when persuasive evidence of an arrangement exists, title and risk of loss have passed to the customer, the price is fixed or determinable, and collectability is reasonably assured, or probable in the case of sale of OMAX JetMachining® Centers. Generally, sales revenue is recognized at the time of shipment, receipt by customer, or, if applicable, upon completion of customer acceptance provisions, particularly for the installation portion of system sales.

Unearned revenue is recorded for products or services that have not yet been provided but have been invoiced under contractual agreement or paid for by a customer, or when products and services have been provided but all the criteria for revenue recognition have not been met.

For those arrangements with multiple elements, the arrangement is divided into separate units of accounting if certain criteria are met, including whether the delivered item has stand-alone value to the customer and whether there is vendor specific objective and reliable evidence of the fair value of the undelivered items. For contract arrangements that combine deliverables such as systems with embedded software, and installation, each deliverable is generally considered a separate unit of accounting or element. The consideration received is allocated among the separate units of accounting based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units. The amount allocable to a delivered item is limited to the amount that we are entitled to bill and collect and is not contingent upon the delivery/performance of additional items. In cases where there is objective and reliable evidence of the fair value of the undelivered item in an arrangement but no such evidence for the delivered item, the residual method is used to allocate the arrangement consideration.

Valuation of Obsolete/Excess Inventory

We currently record a valuation for obsolete or excess inventory for parts and equipment that are no longer used due to design changes to its products or lack of customer demand. It regularly monitors inventory levels and, if management identifies an excess condition based on usage and financial policies, then management records a corresponding valuation allowance which establishes a new cost basis for its inventory. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded markdowns or an increase in that newly established cost basis. The valuation allowance requires the use of management judgment regarding technological obsolescence and forecasted customer demand. Management does not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate the valuation allowance. However, if estimates regarding consumer demand are inaccurate or changes in technology affect demand for certain products in an unforeseen manner, we may be exposed to losses or gains that could be material.

Valuation of Deferred Tax Assets and Tax Contingencies

We review our deferred tax assets regularly to determine their realizability. When evidence exists that it is more likely than not that we will be unable to realize a deferred tax asset (DTA), we set up a valuation allowance against

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the asset based on an estimate of the amount which will likely not be realizable. Future utilization of deferred tax assets could result in recording of income tax benefits. The timing of any potential reversal of the valuation allowance is contingent on prior profitability and future expected profitability. We evaluate income tax contingencies in accordance with SFAS No. 5, Accounting for Contingencies (SFAS No. 5) and has accrued for income tax contingencies that meet both the probable and estimable criteria of SFAS No. 5. The amounts ultimately paid upon resolution of these exposures could be materially different from the amounts previously included in income tax expense and therefore could have a material impact on our Financial Statements.

Impairment of Property and Equipment, Patents, Other Intangibles

We evaluate property and equipment, patents and other intangibles for potential impairment indicators when certain triggering events occur. Judgments regarding the existence of impairment indicators are based on expected operational performance, market conditions, legal factors and future plans. If management concludes that a triggering event has occurred, then the carrying value of the asset is compared with the undiscounted cash flows expected to be derived from usage of the asset. If there is a shortfall and the fair value of the asset is less than its carrying value, an impairment charge is recorded for the excess of carrying value over fair value. Fair value is estimated by using a discounted cash flow model. Any resulting impairment charge could have a material adverse impact on our financial condition and results of operations. Many factors will ultimately influence the accuracy of these estimates.

Stock-Based Compensation

We adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (FAS 123R) as of the beginning of fiscal year 2007 using the modified prospective transition method. FAS 123R is a revision of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (Statement 123), and supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Upon adoption, Statement 123R requires the fair value of employee awards issued, modified, repurchased or cancelled to be measured as of the grant or modification dates. The resulting cost is then recognized in the statement of earnings over the required service period. In accordance with FAS 123R, we accrue for compensation costs related to awards with performance conditions based on the probable outcome of that performance condition; compensation cost is accrued if it is probable that the performance condition will be achieved and is not accrued if it is not probable that the performance condition will be achieved. Expected future performance is based on estimates and management assumptions. Changes in actual performance can materially affect the estimated compensation cost recognized in the Consolidated Financial Statements.

Legal Contingencies

At any time, we may be involved in certain legal proceedings. Our policy is to routinely assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after thoughtful analysis of each known issue and an analysis of historical experience. Reserves are recorded related to certain legal matters for which it is probable that a loss has been incurred and the range of such loss can be estimated. With respect to other matters, management has concluded that a loss is only reasonably possible or remote and, therefore, no liability is recorded. Management discloses the facts regarding material matters assessed as reasonably possible and potential exposure, if determinable. Costs incurred with defending claims are expensed as incurred. As of December 31, 2007, we had not accrued any provision for liabilities for the settlement of these claims, all of which are considered remote.

Recently Issued Accounting Pronouncements

See Note 2 to the Financial Statements for recently issued accounting pronouncements.

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Quantitative and Qualitative Disclosures About Market Risk

Market risk exists in our financial instruments related to an increase in interest rates, adverse changes in foreign exchange rates relative to the U.S. dollar, as well as financial risk management. These exposures are related to its daily operations.

Interest Rate Exposure At December 31, 2007, we had \$5.9 million in interest bearing debt. Of this amount, \$5.1 million was variable rate debt with an interest rate of 7.25% per annum. See Note 9 to the Financial Statements for additional contractual information on our debt obligations. Market risk is estimated as the potential for interest rates to increase 10% on the variable rate debt. A 10% increase in interest rates would result in an approximate additional annual charge to our pre-tax profits and cash flow of \$37,000, based on the variable rate debt balance and interest rate as of December 31, 2007. At year end 2007, we had no derivative instruments to offset the risk of interest rate changes; although it may choose to use derivative instruments, such as interest rate swaps, to manage the risk associated with interest rate changes.

At December 31, 2006, we had \$3.6 million in interest bearing debt. Of this amount, \$3.3 million was variable rate debt with an interest rate of 8.5% per annum. Market risk is estimated as the potential for interest rates to increase 10% on the variable rate debt. A 10% increase in interest rates would result in an approximate additional annual charge to pre-tax profits and cash flow of \$29,000, based on the variable rate debt balance and interest rate as of December 31, 2006.

Table of Contents**OMAX STOCK OWNERSHIP OF MANAGEMENT AND OF PRINCIPAL SHAREHOLDERS**

The following table sets forth as of January 2, 2009 information with respect to the beneficial ownership of OMAX's common stock by (i) each person who is known to OMAX to be the beneficial owner of more than five percent of its common stock, (ii) each director of OMAX, (iii) each of OMAX's named executive officers, and (iv) all named directors and executive officers of OMAX as a group. OMAX's only class of voting securities outstanding is common stock.

At January 2, 2009, OMAX had outstanding 4,741,128 shares of common stock and options to acquire an additional 1,490,310 shares, of which 1,280,390 options are unvested. Prior to closing of the proposed merger, all outstanding options not currently vested will become vested by their terms as amended.

For purposes of this table, the applicable number of shares and percentage ownership in the table are based upon the total of 4,741,128 shares of OMAX common stock outstanding as of January 2, 2009 and those options held by the person (or group of persons) and exercisable within 60 days of January 2, 2009.

Currently, none of the shares beneficially owned by OMAX's directors or named executive officers are pledged as security. Except as otherwise indicated in the footnotes to the table, the beneficial owners listed have sole voting and investment power as to all of the shares beneficially owned by them. Unless otherwise indicated, the address for each of the shareholders below is c/o OMAX Corporation, 21409 72nd Avenue South, Kent, Washington 98032.

Name	Amount of Beneficial Ownership (# Shares)	Percent of Outstanding Common Shares Owned Beneficially
John B. Cheung	942,691(1)	19.88%
James M. O Connor	200,625(2)	4.23%
John H. Olsen	975,963(3)	20.59%
John A. Bergstrom	19,000(4)	0.40%
Sandra McLain	8,000(5)	0.17%
Steve O Brien	(6)	
The B-L Holding Company c/o The Barton Group 1557 State Route 9 Lake George, NY 12845	757,168(7)	15.77%
Moses Tsang and Angela Cheung No. 14 Black's Link Hong Kong	490,000(8)	9.95%
Prestige Holdings Limited c/o 6 F., King Fook Bldg. 30-32 Des Voeux Rd. Central Hong Kong	445,000	9.39%
Alexander Slocum Massachusetts Institute of Technology 77 Massachusetts Avenue Cambridge, MA 02139	248,250	5.24%

All directors and named executive officers as a group (five individuals)	2,146,278	45.27%
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- (1) Includes 847,437.5 shares attributable to Dr. Cheung and held in the name of Puget Partners, a Limited Partnership, which is 45% owned by Dr. Cheung. Dr. Cheung also holds options for another 63,500 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (2) Mr. O Connor's direct share ownership also includes 4,000 shares owned jointly with his spouse. Also includes 187,875 shares attributable to Mr. O Connor and held in the name of Puget Partners, a Limited Partnership, which is 10% owned by Mr. O Connor. Mr. O Connor also possesses options for another 57,500 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.

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- (3) Dr. Olsen's direct share ownership also includes 99,025 shares owned jointly with his spouse. Also includes 847,437.5 shares attributable to Dr. Olsen and held in the name of Puget Partners, a Limited Partnership, which is 45% owned by Dr. Olsen. Dr. Olsen also possesses options for another 63,500 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (4) Mr. Bergstrom also possesses options for another 66,000 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (5) Ms. McLain also possesses options for another 56,500 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (6) Mr. O'Brien possesses options for 50,000 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (7) B-L Holdings also possesses options for another 12,500 shares, which will vest immediately before closing of the merger, pursuant to the terms of the options, as amended.
- (8) Includes 307,000 shares held separately by Angela Cheung and 183,000 shares that may be acquired pursuant to stock options exercisable within 60 days, and held in the name of MKT Holdings LLC, a personal holding company of Moses Tsang, the spouse of Ms. Cheung. Angela Cheung is John B. Cheung's sister, and Moses Tsang is Angela Cheung's husband. Ms. Cheung and Mr. Tsang acquired their shares as direct investors in OMAX and in exchange for services rendered by Mr. Tsang to OMAX as financial advisor and as agent for the Company in securing equity capital from overseas investors from late 1993 to 2000.

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OMAX EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Board Process

OMAX's executive compensation program, including payments to Puget Partners as discussed below, is administered by the board of directors annually in an informal process whereby Dr. John B. Cheung, as the chairman of the board, having reviewed various summaries of executive salaries paid by peer companies, discusses and sets salaries and other compensation for OMAX executives with the assistance of the two other directors who are also OMAX executives. OMAX is a privately held company and has not had an independent or non-employee director on its board of directors in the last five years. OMAX has one outside board observer representing the interests of The B-L Holding Company, a principal OMAX shareholder, who attends all meetings of the board of directors and receives all information that the board of directors receives.

Objectives of the OMAX Compensation Program

The general objective of the board of directors is to align executive compensation with OMAX's business objectives and performance based on a subjective review of the operational and earnings growth of the company, the individual executive's performance for the year and the compensation received by comparable executives in comparable companies. This approach enables OMAX to retain and reward its long serving executive officers who contribute, and are expected to continue to contribute, to OMAX's long-term success. The board of directors also takes the long-term objectives of shareholders and the appreciation of the value of OMAX stock into consideration in making its subjective determinations of appropriate salaries for executives. OMAX has not established specific elements for use in its determination of executive compensation, except for the executive performance bonus program.

The three senior executive officers who are also the founders and who, collectively, own a substantial percentage of the outstanding stock of OMAX, have also received stock options pursuant to OMAX's stock option plans. The board of directors believes that these executive officers will be motivated to continue to remain focused on and aligned with the long-term performance expectations of shareholders.

Components of Compensation

At present, the executive compensation program is comprised of (a) base salary, (b) annual cash incentive compensation (Performance Bonus Plan) and (c) long-term incentive compensation in the form of stock options. Executives also participate, along with other company employees, in OMAX's 401(k) matching plan, health insurance and other benefits, on the same basis as other employees of OMAX.

Base Salary. Base salaries of the chief executive officer and the other executives have been based in part on an informal review by the OMAX board of directors of the salaries paid by Flow, as OMAX's chief competitor, to its executive officers, and on a review of general compensation data for manufacturing companies with similar revenues set forth in the Executive Compensation Survey 2006-2007 by Milliman, Inc. The OMAX board members intend for the OMAX compensation plan to be competitive with salaries offered by other companies in the machine tool manufacturing industry. In setting salaries, and particularly as commensurate with the executive's responsibilities and duties, the board of directors takes into account that OMAX's executive management often simultaneously serves in multiple management roles, which permits OMAX to retain a relatively lean management structure and reduce aggregate executive costs. OMAX executives are generally compensated in the higher ranges for similar

manufacturing companies with similar revenues. In addition, base salaries are based in part on the subjective assessment by OMAX's board of directors of individual performance. In assessing performance, the board takes into consideration individual experience and contributions, level of responsibility, and OMAX's performance, which is measured primarily by earnings and product market results, but without setting specific goals. The existence of OMAX's Performance Bonus Plan and short-term incentive plan are considered by the board in determining base compensation for executives.

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For the most recent reported calendar year ending December 2007, the base annual salary for Dr. Cheung of \$260,000, in his combined role as Chairman, CEO and COO, was at the uppermost quartile (to 100%) of the most senior executive of similarly sized private companies, as reported by Milliman, Inc., in its report entitled 2006-2007 Northwest Executive Compensation Survey.

Performance Bonus Plan. OMAX has a Performance Bonus Plan in place for the chief executive officer and senior executive officers whereby they may earn multiples of 15% of their base salary (multiples of 10% for a second level of executive officer) based upon OMAX exceeding certain annual growth in revenue and growth in net income goals. Chairman and chief executive officer Dr. John B. Cheung is eligible to receive a bonus of 15% of his base salary, subject to multipliers of 1X, 2X or 3X (and beyond and including pro rata steps in between such multipliers) for growth in revenue and net income (attributable 50% to revenue and 50% to net income) if OMAX meets an annual goal and then for step increases above the goal.

For the calendar year ended December 31, 2007, OMAX utilized the following goals for annual growth in revenue and net income:

	CY2007 Revenues	CY2007 Net Income⁽¹⁾	Multiplier
Annual goal:	\$ 56,500,000	\$ 500,000	1X
Step	\$ 61,000,000	\$ 1,150,000	2X
Step	\$ 65,000,000	\$ 1,800,000	3X
Steps At:	\$ 4,500,000	\$ 650,000	

(1) CY 2007 Net Income Goals adjusted for certain nonrecurring merger/litigation related expenses.

For the calendar year ended December 31, 2007, OMAX accrued and paid to Dr. Cheung a performance award of \$70,980, which represented a multiplier of 1.82 times his base performance award of 15%; sixty-five percent of the award was attributable to the achievement of corporate revenue goals, with the remaining thirty-five percent of the award attributable to the achievement of corporate net income goals of the company for 2007, after adjustment for certain nonrecurring expenses associated with the litigation and potential merger.

In addition to the requirements to achieve certain revenue and income goals, in order to be eligible to receive any bonus under the management bonus plan, the executives must remain employed by OMAX in good standing through the time the bonus is paid. Such bonus would be earned and payable, if at all, half during December 2008 and half promptly upon completion of the 2008 year end audit of the financial statements.

The philosophy of the board and the executive officers is that both shareholder return and OMAX's long term growth is improved by setting and exceeding appropriate annual performance targeted amounts of revenue and net income.

Long Term Incentive Plan. Awards of stock options under OMAX's 1993 and 2005 Stock Option Plans are designed to more closely tie together the long-term interests of OMAX's employees, including senior executives, and OMAX's shareholders, and to assist in the incentivizing and retention of executives and employees. Options are granted as either incentive stock options or as nonqualified stock options. The board has maintained a policy of granting options to all employees throughout OMAX. Dr. Cheung, the Chairman, together with the other members of the board of directors, Dr. John H. Olsen and James M. O Connor (who is also the Plan Administrator), select the employees,

including senior executive officers who may receive stock options and determine the number of shares subject to each grant, also in consultation with the board observer. The determination of the size of option or restricted stock grants is generally intended to reflect an employee's position with OMAX and his or her past achievements and anticipated long-term contributions. For each person being considered for a grant, the board of directors also reviews the history of options granted, the number of options they have exercised to date and the number of options outstanding (granted but unexercised). The Plan has a 10-year term, and options become exercisable on a gradual basis as stated in each grant. Dr. Cheung has been granted approximately 4.2% of the options currently exercisable under the OMAX 1993 and 2005 Stock Option Plans.

Table of Contents***Retirement Plans***

OMAX offers a 401(k) Retirement Plan to eligible employees for the purpose of helping them save for retirement. OMAX matches employee 401(k) tax-deferred contributions with an employer matching contribution. In order for an employee to be eligible for the purposes of receiving employer matching contributions, an individual must complete 1,000 hours of service during the year. For every \$1.00 an employee contributes to the 401(k) Plan during the Plan Year, up to 6% of annual compensation, OMAX contributes \$.50 for employees who have joined the Plan but have not yet completed 5 years of employment with OMAX, and \$.75 for employees who have completed 5 years or more of employment with OMAX.

Fee paid to Puget Partners, a Limited Partnership

Puget Partners, a Limited Partnership (Puget Partners), is a limited partnership wholly owned by Dr. John B. Cheung, Dr. John H. Olsen and Mr. James M. O Connor. Puget Partners has an arrangement with OMAX that provides for a fee paid annually to Puget Partners. This arrangement provides additional income to the three partners and will be terminated by OMAX upon the closing of the proposed merger. The annual fee paid to Puget Partners, which may not be increased by more than 10% per year, is set annually by Dr. Cheung, Dr. Olsen and Mr. O Connor with the assumption that it will be increased annually by that maximum amount. However, as a part of the OMAX budgeting process, Dr. Cheung, Dr. Olsen and Mr. O Connor review OMAX s revenue and income for the prior year, as well as general market conditions and other factors they may deem appropriate from year to year, and they may subjectively determine not to increase the prior year s fee by the full 10% amount. During 2007 and 2008, the fee arrangement provided for amounts of \$64,350 and \$70,785 per month, respectively, which amounts were reduced by the amount of the regular salaries and employee benefits (not including executive bonuses) received by Dr. Cheung and Mr. O Connor directly from OMAX, as president/chief executive officer and chief financial officer. For the year ended December 31, 2007 and for the first nine months of 2008, the fee paid to Puget Partners amounted to \$192,667 and \$198,126. The portion of the fee received by Puget Partners for 2007 and the first nine months of 2008, and attributed to Dr. Cheung s 45% interest in Puget Partners, was \$86,700 and \$89,157. See Certain Relationships and Related Transactions of OMAX at page 87.

Perquisites

OMAX does not provide perquisites to its employees, including senior executives.

Severance and Change-in-Control Benefits

OMAX does not have any severance or change-in-control provisions for any employees, including senior executives.

Compensation of Dr. John B. Cheung

Information regarding the executive compensation of Dr. Cheung at OMAX is provided below, as Dr. Cheung will become a member of Flow s board of directors following the closing of the proposed merger.

2007 Summary Compensation Table for OMAX Chairman John B. Cheung

Name and Principal Position	Year	Salary	Bonus(a)	Option Awards (\$)	All Other Compensation(b)	Total (\$)
	2007	\$ 260,000	\$ 70,980	\$ 19,100	\$ 96,825	\$ 446,905

John B. Cheung
President, Chairman

- (a) Cash Performance Bonus
- (b) The employer contribution to the OMAX Corporation 401(k) Plan amounted to \$10,125 for Dr. Cheung. An amount of \$86,700 represents Dr. Cheung's share of the aggregate monthly payments made by OMAX to Puget Partners, which are net of salaries and certain employee benefits paid to Dr. Cheung and Mr. O Connor.

Table of Contents**2007 Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards (\$/share)	Grant Date Fair Value of Options
		Threshold (#)	Target (#)	Maximum (#)		
John B. Cheung	10/16/07	1000(a)	5000(a)	5000(a)	\$ 6.00(b)	\$ 6.00(b)

- (a) 5,000 NQOs granted under the OMAX Stock Option Plan, which provide for 20% vesting each year for five years. These options have since been amended to provide for vesting only immediately prior to a change in control. The exercise price was based on the per share fair market value of OMAX's common stock at the date of grant, as determined in good faith by the board of directors on the grant date.