

TETRA TECHNOLOGIES INC
Form 11-K
June 25, 2010

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

FORM 11-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ____ TO ____

Commission File No. 1-13455

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

TETRA Technologies, Inc. 401(k) Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TETRA Technologies, Inc.
24955 Interstate 45 North
The Woodlands, Texas 77380

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Report of Independent Registered Public Accounting Firm

Administrator of the TETRA Technologies, Inc. 401(k) Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the TETRA Technologies, Inc. 401(k) Retirement Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in its net assets available for benefits for the year ended December 31, 2009, in conformity with US generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP
Houston, Texas
June 25, 2010

TETRA Technologies, Inc. 401(k) Retirement Plan

Statements of Net Assets Available for Benefits

	2009	December 31,	2008
ASSETS			
Receivables:			
Employee contributions	\$ 216,393		\$ -
Investments, at fair value	71,261,921		47,445,280
Total assets	71,478,314		47,445,280
LIABILITIES			
Excess contributions refund payable	-		114,811
Net assets available for benefits, at fair value	71,478,314		47,330,469
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(292,640)		63,872
Net assets available for benefits	\$ 71,185,674		\$ 47,394,341

See accompanying notes.

TETRA Technologies, Inc. 401(k) Retirement Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2009

Additions:		
Employer contributions	\$	457,352
Participant contributions		8,163,094
Rollover contributions		439,222
Interest and dividends		1,539,329
Net appreciation in fair value of investments		19,187,572
Total additions		29,786,569
Deductions:		
Benefits paid to participants		5,895,642
Corrective distributions		28,806
Administrative expenses		70,788
Total deductions		5,995,236
Net increase		23,791,333
Net assets available for benefits:		
Beginning of year		47,394,341
End of year	\$	71,185,674

See accompanying notes.

TETRA Technologies, Inc. 401(k) Retirement Plan
Notes to Financial Statements
December 31, 2009

1. Description of Plan

The following description of the TETRA Technologies, Inc. 401(k) Retirement Plan (the Plan) is provided for general information only. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions, a copy of which is available from TETRA Technologies, Inc. (the Company or Plan Administrator).

General

The Plan, which initially became effective January 1, 1990, is a profit sharing plan as defined by Section 401(a) of the Internal Revenue Code (IRC) and contains a provision for salary reduction contributions under Section 401(k) of the IRC. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Company is the designated administrator of the Plan and the Plan is advised by the 401(k) Committee, which currently consists of certain officers of the Company. T. Rowe Price Trust Company (TRP or Trustee) is the trustee of the Plan.

Eligibility

Employees who have attained age 18 are eligible to participate in the Plan beginning on the first day of any calendar month following completion of six months of service. However, the following employees or classes of employees are not eligible to participate: (i) employees who are non-resident aliens and who receive no earned income from the Company which constitutes income from sources within the United States; (ii) leased employees; and (iii) reclassified employees and independent contractors.

Contributions

The maximum elective contribution limit is 70% of compensation. Contributions for each participant are limited in any calendar year to annual "regular" and "catch-up" contribution limits as determined by IRC regulations. Unless the employee elects otherwise, 3% of each eligible employee's compensation is automatically contributed to the Plan on a pre-tax basis. The Plan provides an automated service which increases the employee's contribution rate by 1% at the same time each year until a 6% contribution rate has been reached. The 6% contribution is the amount needed to take advantage of the full Company match, if any. The employee is reminded annually before the change takes place and can elect to change the amount at any time by contacting TRP. Employees have the option to elect a 0% salary deferral or to change their salary deferral in accordance with the Plan.

The Company may contribute an amount equal to a specified matching percentage of the participant's contribution. In February 2009, the Company suspended its matching contribution of each participant's contributions. In January 2010, at the direction of the Board of Directors, the Company reimplemented its 50% matching contribution of participant's contributions.

The Company may also, at the discretion of the Board of Directors, make a profit sharing contribution to the Plan at the end of each fiscal year. Such Company contribution will be allocated to Plan participants in the same ratio that each participant's compensation, as defined in the Plan agreement, bears to the total compensation of all participants. No profit sharing contribution was made for the 2009 Plan year.

Participants have the right to direct the investment of their contributions, including the Company's matching contributions and profit sharing, into any of the investment funds offered by the Plan. In the event no participant election is made, automatic participant contributions and the related Company match are made to a diversified portfolio. This portfolio invests 60% in stock funds and 40% in fixed income funds using eleven of the twelve funds in the Plan.

Company Stock Fund

The Plan invests in common stock of the Company through its Company Stock Fund. The Company Stock Fund may also hold cash or other short-term securities, although these are expected to be a small percentage of the fund.

The Plan limits the amount a participant can invest in the Company Stock Fund to encourage diversification of participants' accounts. Each payroll period, a participant can direct up to a maximum of 50% of their contributions in the Company Stock Fund. In addition, a participant may not transfer amounts from other investment funds into the Company Stock Fund to the extent the transfer would result in more than 50% of the participant's total account balance being invested in the Company Stock Fund.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company contribution portion and profit sharing of their accounts plus actual earnings thereon is based on years of continuous service. Participants are 25% vested after two years of service and vest an additional 25% each year, becoming 100% vested after five years of service. Participants forfeit the non-vested Company contribution portion of their accounts in the Plan upon termination of employment with the Company.

Benefit Payments

Upon separation from service for any reason other than death, disability, or normal retirement, a participant's vested balance is payable in a lump sum or installments. Upon a participant's death, disability, or normal retirement, the entire balance in the participant's account is payable to the participant or, in the case of death, to the participant's named beneficiary, in a lump sum or installments. Amounts which are forfeited due to termination of employment are used to reduce the Company's matching contributions, if any. Cumulative forfeitures relating to prior period activity and available to be applied against any future employer contributions were approximately \$348,644 and \$105,607 as of December 31, 2009 and 2008 respectively. During 2009, \$76,298 in forfeitures was applied against employer contributions.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRC are recorded as a liability with a corresponding deduction to the net assets available for benefits.

Plan Termination

The Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Participant Loans

Participants, during their time of employment, may borrow from their fund accounts a minimum of \$1,000, up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from 1 to 5 years, or up to 15 years for the purchase of a primary residence. The loans are secured by the balances in the participants' accounts and bear interest at rates established at the inception of the loan, set at one percentage point higher than the prime lending rate as posted in the Wall Street Journal (or similar financial publication). Principal and interest are paid ratably through payroll deductions.

2. Summary of Accounting Policies

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued standards that established the FASB Accounting Standards Codification (ASC) as the source of authoritative U.S generally accepted accounting principles ("GAAP") by the FASB for nongovernmental entities. The FASB ASC supersedes all non-SEC (Securities and Exchange Commission) accounting and reporting standards that existed at the FASB ASC's effective date. The FASB uses Accounting Standards Updates to amend the FASB ASC. These standards were effective for interim and annual periods ending after September 15, 2009. There was no impact to the Plan's financial statements in the adoption of these standards, except for updating the appropriate references to the guidance that was codified in these standards.

In April 2009, ASC Topic 820, Fair Value Measurements and Disclosures (ASC 820), was amended to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. ASC 820 also provides additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities in meeting the disclosure requirements of ASC 820. Per ASC 820-10-65, this amendment is effective for reporting periods ending after June 15, 2009, and the Plan has adopted this amendment. The adoption did not impact the Plan's net assets available for benefits or its changes in net assets available for benefits.

In September 2009, the FASB issued Accounting Standards Update 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2009-12). ASU 2009-12 provides amendments to ASC 820. The amendments permit, as a practical expedient, a reporting entity to estimate the fair value of an investment that is within the scope of ASU 2009-12 using the net asset value per share (or its equivalent) of the investment if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of ASC 946 as of the reporting entity's measurement date. ASC 946 requires investment companies to report their investment assets at fair value in accordance with the principles of ASC 820. The amendments also require disclosures regarding the attributes of investments within the scope of ASU 2009-12, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded capital commitments, and the investment strategies of the investees. The disclosures are required (by major category) for all investments within the scope of ASU 2009-12 regardless of whether the fair value of the investment is measured using the practical expedient. The amended guidance is effective for interim and annual periods ending after December 15, 2009; however, early application was permitted. The Plan implemented the disclosure requirements of this guidance in the financial statements for the year ended December 31, 2009. The adoption did not impact the Plan's net assets available for benefits or its changes in net assets available for benefits.

In January 2010, the FASB published ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements which requires new disclosures about transfers in and out of fair value hierarchy levels, more detailed disclosures

about activity in Level 3 fair value measurements, and clarifies existing disclosure requirements about asset and liability aggregation, inputs, and valuation techniques. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements of activity in Level 3 fair value measurements, which become effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the disclosure requirements of this ASU will not have a significant impact on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In February 2010, the FASB updated guidance related to subsequent event disclosures. This guidance is effective immediately for all financial statements that have not yet been issued or have not yet become available to be issued.

Basis of Accounting

The accompanying financial statements of the Plan have been prepared using the accrual basis of accounting in accordance with U.S.GAAP. Benefit payments to participants are recorded upon distribution.

As required by the ASC, Subtopic 946.210.45 previously FASB Staff Position AAG INV-1 (the FSP), investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit-responsive investment contracts and are recognized at fair value. ASC Topic 962, previously, AICPA Statement of Position 94-4-1, "Reporting of Fully Benefit Responsive Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans," as amended, requires fully benefit-responsive investment contracts to be reported at fair value in the Plan's Statements of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value.

Administrative Expenses

Certain administrative expenses are paid by the Company.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and schedule. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion of fair value measurements. Investments in common collective trust funds include the Stable Value Fund. The Stable Value Fund invests in fully benefit-responsive investment contracts (as defined by the FSP previously discussed) including primarily guaranteed and synthetic investment contracts issued by banks, insurance companies and other issuers. The Stable Value Fund is recorded at fair value (see Note 4). As required by the aforementioned FSP, an adjustment is made to reflect this investment at contract value, which represents cost plus accrued income less redemptions. The fair value of the guaranteed investment contracts is generally determined by discounting the scheduled future payments required under the contract. The fair value of wrap contracts reflects the discounted present value of the difference between the current wrap contract cost and its replacement cost, based on issuer quotes. For assets other than investment contracts, including securities underlying synthetic investment contracts, fair value generally is reflected by market value at close of business on the valuation date.

Participant loans and short term investments are valued at cost, which approximates fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

3. Investments

Individual investments that represent 5% or more of the Plan's net assets at either December 31, 2009 or 2008 are as follows:

	2009	December 31, 2008
TETRA Technologies, Inc. common stock	\$ 12,411,040	\$ 6,286,590
TRP Stable Value Fund, at contract value*	9,452,395	6,877,468
Dodge & Cox Balanced Fund	6,845,092	5,002,169
TRP Equity Income	5,246,691	3,947,418
TRP Growth Stock Fund	6,231,020	4,381,712
Dreyfuss Mid Cap Index Fund	5,333,236	2,080,634
PIMCO Total Return Fund	8,010,055	5,622,587
American EuroPacific Growth Fund	5,735,932	3,944,562

* The fair value of this fully benefit-responsive investment totaled \$9,745,035 and \$6,813,596 at December 31, 2009 and 2008, respectively.

During 2009, the Plan's investments (including gains and losses of investments bought, sold, and held during the year) appreciated in value as follows:

Mutual funds	\$9,355,743
Common stock	9,831,829
	\$19,187,572

Risks and Uncertainties

The Plan provides for investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits and participant account balances.

4. Fair Value Measurements

ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). ASC Topic 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

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Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
- inputs that are derived principally from or corroborated by observable market data by correlation or other means