

FORUM ENERGY TECHNOLOGIES, INC. (FET)

10-Q

Quarterly report pursuant to sections 13 or 15(d)

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2012

OR

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

For the transition period from _____ to _____

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

61-1488595

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

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

(Address of principal executive offices)

(281) 949-2500

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of July 27, 2012, there were 85,741,088 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

(in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 373,512	\$ 257,454	\$ 737,001	\$ 460,506
Cost of sales	250,710	180,262	487,756	324,517
Gross profit	122,802	77,192	249,245	135,989
Operating expenses				
Selling, general and administrative expenses	56,205	42,687	111,059	78,880
Contingent consideration expense (benefit)	(4,900)	5,800	(3,900)	5,800
Impairment of intangible assets	1,161	—	1,161	—
Transaction expenses	442	2,341	797	2,616
(Gain) loss on sale of assets	56	(117)	77	(420)
Total operating expenses	52,964	50,711	109,194	86,876
Operating income	69,838	26,481	140,051	49,113
Other expense (income)				
Interest expense	3,623	4,449	9,409	7,689
Other, net	335	687	366	751
Total other expense	3,958	5,136	9,775	8,440
Income before income taxes	65,880	21,345	130,276	40,673
Provision for income tax expense	21,742	7,453	43,627	14,383
Net income	44,138	13,892	86,649	26,290
Less: Income attributable to noncontrolling interest	17	158	46	187
Net income attributable to common stockholders	44,121	13,734	86,603	26,103
Weighted average shares outstanding				
Basic	82,495	59,471	75,248	58,889
Diluted	89,794	62,660	81,990	61,333
Earnings per share				
Basic	\$ 0.53	\$ 0.23	\$ 1.15	\$ 0.44
Diluted	\$ 0.49	\$ 0.22	\$ 1.06	\$ 0.43
Other comprehensive income, net of tax:				
Net income	44,138	13,892	86,649	26,290
Change in foreign currency translation, net of tax of \$0	(6,740)	1,454	3,767	7,773
Gain on derivative instruments, net of tax of \$0, \$264, \$0 and \$439	—	491	—	817
Comprehensive income	37,398	15,837	90,416	34,880
Less: comprehensive (income) loss attributable to noncontrolling interests	28	(126)	(36)	(146)
Comprehensive income attributable to common stockholders	\$ 37,426	\$ 15,711	\$ 90,380	\$ 34,734

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

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

(in thousands, except share information)	June 30, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$ 14,802	\$ 20,548
Accounts receivable—trade, net	252,538	228,686
Inventories	402,625	324,638
Prepaid expenses and other current assets	17,933	14,372
Costs and estimated profits in excess of billings	14,535	11,706
Deferred income taxes, net	18,702	18,636
Total current assets	721,135	618,586
Property and equipment, net of accumulated depreciation	134,785	124,840
Deferred financing costs, net	9,089	10,131
Intangibles	230,759	241,314
Goodwill	602,795	600,827
Other long-term assets	7,932	11,617
Total assets	<u>\$ 1,706,495</u>	<u>\$ 1,607,315</u>
Liabilities and equity		
Current liabilities		
Current portion of long-term debt and capital lease obligations	\$ 16,621	\$ 5,176
Accounts payable—trade	114,493	97,642
Accrued liabilities	89,742	92,251
Contingent consideration liability	16,332	41,800
Deferred revenue	17,479	12,692
Billings in excess of costs and profits recognized	1,242	4,906
Derivative instruments	—	185
Total current liabilities	255,909	254,652
Long-term debt, net of current portion	349,948	660,379
Deferred income taxes, net	36,400	35,103
Derivative instruments	1,245	1,588
Other long-term liabilities	—	461
Total liabilities	<u>643,502</u>	<u>952,183</u>
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 296,000,000 shares authorized, 85,728,053 and 67,944,025 shares issued and outstanding	857	679
Additional paid-in capital	741,783	424,466
Treasury stock	(25,877)	(25,877)
Warrants	27,057	27,097
Retained earnings	330,748	244,145
Accumulated other comprehensive loss	(12,250)	(16,017)
Total stockholders' equity	1,062,318	654,493
Noncontrolling interest in subsidiary	675	639
Total equity	<u>1,062,993</u>	<u>655,132</u>
Total liabilities and equity	<u>\$ 1,706,495</u>	<u>\$ 1,607,315</u>

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

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

(in thousands, except share information)	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities		
Net income	\$ 86,649	\$ 26,290
Adjustments to reconcile net income to net cash provided by operating activities		
Payment of contingent consideration included in operating expense	(7,127)	—
Change in contingent consideration	(3,900)	5,800
Share-based compensation expense	3,161	2,664
Depreciation expense	15,030	11,564
Amortization of intangible assets	10,075	4,791
Impairment of intangible assets	1,161	—
Other	2,752	(808)
Changes in operating assets and liabilities		
Accounts receivable—trade	(24,121)	(27,161)
Inventories	(77,531)	(30,782)
Prepaid expenses and other current assets	5,798	2,643
Accounts payable, deferred revenue and other accrued liabilities	19,581	19,353
Billings in excess of costs and estimated profits earned, net	(6,476)	(12,448)
Net cash provided by operating activities	\$ 25,052	\$ 1,906
Cash flows from investing activities		
Capital expenditures for property and equipment	(25,137)	(20,540)
Proceeds from sale of property and equipment and other	2,678	964
Acquisition of businesses, net of cash acquired	(2,839)	(65,249)
Net cash (used in) investing activities	\$ (25,298)	\$ (84,825)
Cash flows from financing activities		
Deferred financing costs	(15)	(2,252)
Borrowings due to acquisitions	2,839	65,249
Borrowings on long-term debt	75,625	11,256
Repayment of long-term debt	(383,797)	—
Proceeds of IPO, net of offering costs	256,880	—
Proceeds from concurrent private placement	50,000	—
Payment of contingent consideration accrued at acquisition	(11,100)	—
Excess tax benefits from stock based compensation	89	—
Proceeds from stock issuance	3,991	51,804
Net cash provided by (used in) financing activities	\$ (5,488)	\$ 126,057
Effect of exchange rate changes on cash	(12)	2,651
Net increase (decrease) in cash and cash equivalents	(5,746)	45,789
Cash and cash equivalents		
Beginning of period	20,548	20,348
End of period	\$ 14,802	\$ 66,137
Noncash investing and financing activities		
Insurance policy financed through notes payable	\$ 6,348	\$ —
Payment of contingent consideration via stock	3,341	—
Acquisition via contingent consideration and stock	—	49,600

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

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

1. Organization and basis of presentation

Forum Energy Technologies, Inc. (the "Company"), a Delaware corporation, is a global oilfield products company, serving the subsea, drilling, completion, production and infrastructure sectors of the oil and natural gas industry. The Company designs and manufactures products, and engages in aftermarket services, parts supply and related services that complement the Company's product offering.

Prior to April 17, 2012, the Company's common stock was owned by three private equity funds with the same sponsor, certain current and former employees and directors of the Company, and former owners of acquired companies. On April 17, 2012, the Company closed its initial public offering (the "IPO"), pursuant to which the Company sold 13,889,470 shares of common stock and the selling stockholders sold 7,900,000 shares of common stock, including 2,842,104 shares of common stock pursuant to the underwriters' option to purchase additional shares, each at an offering price of \$20.00 per share, all issued at par value. After deducting estimated expenses and underwriting discounts, the Company and the selling stockholders received net proceeds of approximately \$256.9 million and \$147.2 million, respectively. The Company did not receive any proceeds from the sale of common stock by the selling stockholders. Concurrently with the closing of the IPO, the Company sold 2,666,666 shares of common stock in a private placement to a private equity fund (not affiliated with the sponsor) for net proceeds of \$50 million. The Company used all of the net proceeds from the IPO and concurrent private placement to repay a portion of the outstanding borrowings under the revolving portion of the Company's senior secured credit facility (the "Credit Facility"). The Company's common shares are listed on the New York Stock Exchange under the symbol "FET".

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company include the accounts of the Company and its subsidiaries.

All significant intercompany transactions have been eliminated in consolidation. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company's financial position, results of operations and cash flows have been included. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012 or any other interim period.

These interim financial statements are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("GAAP") for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 included in the Company's prospectus dated April 11, 2012 and filed with the SEC on April 13, 2012 (the "Prospectus") pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended (the "Securities Act").

Stock split

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

Subsequent events

The Company evaluated events subsequent to the balance sheet date and prior to the filing of this Quarterly Report on Form 10-Q for the six months ended June 30, 2012 and determined that any events or transactions occurring during this period that would require recognition or disclosure are appropriately addressed in these financial statements.

2. Recent accounting pronouncements

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

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

material impact on the Company's consolidated financial statements upon adoption.

In May 2011, the FASB expanded the fair value measurements and disclosures guidance related to items marked to fair value that are categorized within Level 3 of the fair value hierarchy to include qualitative explanations of the valuation methodology used and sensitivity analysis of the valuation inputs. The amendment also requires entities to disclose the level in the fair value hierarchy for items that are not measured at fair value, but for which the fair value is disclosed. This guidance was adopted by the Company for the fiscal year beginning on January 1, 2012 and did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued an update to ASC 220, Presentation of Comprehensive Income. This Accounting Standards Update ("ASU") provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either (1) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income; or (2) a two-statement approach, which presents the components of net income and total net income in a first statement, immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option in current GAAP that permits the presentation of other comprehensive income in the statement of changes in equity was eliminated. For the fiscal year beginning January 1, 2012, the Company adopted the guidance and began presenting comprehensive income in a single statement. The guidance was applied retrospectively and did not have a material impact on the Company's financial statements.

In December 2010, the FASB issued FASB ASU 2010-28, "Intangibles - Goodwill and Other," which affects entities evaluating goodwill for impairment under FASB ASC 350-20. ASU 2010-28, among other things, requires entities with a zero or negative carrying value to assess, considering qualitative factors, whether it is more likely than not that goodwill impairment exists. If an entity concludes that it is more likely than not that goodwill impairment exists, the entity must perform step 2 of the goodwill impairment test. This guidance was adopted by the Company for the fiscal year beginning on January 1, 2012 and did not have a material impact on the Company's financial statements.

3. Acquisitions

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

Wood Flowline Products, LLC

In February 2011, the Company purchased Wood Flowline Products, LLC ("WFP"). WFP manufactures pressure control and flow equipment products that are principally used in the fracturing and well stimulation process. WFP also provides on-site recertification and refurbishment services of the associated flow equipment products. This acquisition provides the Company with new exposure to the growing well completion sector, specifically focused on the development of North American unconventional shale and tight sands resources. The results of WFP's operations have been included in the Company's consolidated financial statements beginning February 1, 2011 and are included in the Company's Production & Infrastructure segment. The purchase consideration included two separate contingent consideration payments, which may be payable in cash and/or shares of the Company's common stock based upon WFP's 2011 and 2012 calendar year earnings as defined in the purchase and sale agreement. The fair value of the contingent consideration was estimated at the time of the acquisition to be \$13.4 million based on an internal valuation of the earnings level that the acquired company is expected to achieve. The fair value of the contingent consideration payment was re-measured as of December 31, 2011 at \$22.1 million and was included in "Contingent consideration liability" in the consolidated balance sheet. Upon resolution of the results of operations for WFP for the year ended December 31, 2011, the portion of the contingent consideration to be paid in shares of the Company's common stock related to the 2011 earnings was finalized and \$3.3 million of the liability was reclassified to equity. The cash portion of the contingent consideration payment based on the 2011 calendar year earnings in the amount of \$6.1 million was paid during the quarter ended June 30, 2012. The fair value of the remaining contingent consideration liability relating to the 2012 calendar year was re-measured as of June 30, 2012 at \$8.6 million and is included in "Contingent consideration liability" in the condensed consolidated balance sheets. The change in fair values during the three and six months ended June 30, 2012 resulted in increases to operating income of \$4.9 million and \$ 4.0 million, respectively, and is included in "Contingent consideration expense (benefit)" in the condensed consolidated statements of comprehensive income.

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

Phoinix Global LLC

In April 2011, the Company purchased Phoinix Global LLC (“Phoinix”), a provider of high pressure flow control equipment and products utilized in the well stimulation and flow back processes of oil and gas well completion based in Alice, Texas. This acquisition adds to the Company’s breadth of flow equipment products through a product offering that includes fluid-ends for hydraulic fracturing pressure pumps, plug valves, relief valves, chokes, manifolds, manifold trailers and flow equipment transport trucks. The results of the Phoinix operations have been included in the Company’s consolidated financial statements beginning May 1, 2011 and are included in the Company’s Production & Infrastructure segment. The purchase consideration included two separate contingent consideration payments, which may be payable in cash based upon Phoinix’s 2011 and 2012 calendar year earnings as defined in the purchase and sale agreement. The fair value of the contingent consideration was estimated at the time of the acquisition to be \$16.3 million based on an internal valuation of the earnings level that Phoinix is expected to achieve. The portion of the contingent consideration based upon Phoinix’s 2011 calendar earnings in the amount of \$12.1 million was paid during the quarter ended June 30, 2012. The fair value of the remaining contingent consideration payment was re-measured as of June 30, 2012 and December 31, 2011 at \$7.7 million and \$19.7 million, respectively, and is included in “Contingent consideration liability” in the consolidated balance sheets. The change in fair value for the six months ended June 30, 2012 of \$0.1 million is a decrease to operating income and is included in “Contingent consideration expense (benefit)” in the condensed consolidated statements of comprehensive income. There was no change in the fair value of the remaining contingent consideration during the three months ended June 30, 2012.

Cannon Services, LLC

In July 2011, the Company acquired Cannon Services, LLC (“Cannon”), based in Stafford, Texas. Cannon is a provider of standard and customized clamp and stamped metal protection systems used to shield the downhole control lines and gauges during their installation and provide protection during production enhancement operations. This acquisition, along with the acquisition of Davis-Lynch LLC (“Davis Lynch”), formed the product platform targeting niche downhole products that are consumed during the well construction, completion, intervention and production enhancement processes, as well as those associated with the growth in intelligent well construction. The results of Cannon’s operations have been included in the Company’s consolidated financial statements beginning July 1, 2011 and are included in the Company’s Drilling & Subsea segment.

AMC Global Group, Ltd.

In July 2011, the Company acquired AMC Global Group, Ltd. (“AMC”), based in Aberdeen, Scotland. AMC designs and manufactures specialized torque equipment for tubular connections, including high torque stroking units, fully rotational torque units and portable torque units for field deployment and related control systems, and provides aftermarket service. This acquisition enhanced the product offerings in our drilling products line. The results of AMC’s operations have been included in the Company’s consolidated financial statements beginning July 1, 2011 and are included in the Company’s Drilling & Subsea segment.

P-Quip, Ltd.

In July 2011, the Company acquired P-Quip, Ltd. (“P-Quip”), based in Kilbirnie, Scotland. P-Quip manufactures proprietary mud pump fluid end assemblies, mud pump rod systems, liner retention systems, valve cover retention systems and other drilling flow control products. This acquisition enhanced the product offerings in our drilling products line. The results of P-Quip’s operations have been included in the Company’s consolidated financial statements beginning July 5, 2011 and are included in the Company’s Drilling & Subsea segment.

Davis-Lynch LLC

In July 2011, the Company acquired Davis-Lynch based in Pearland, Texas. Davis-Lynch is a provider of proprietary, downhole cementing and casing products. This acquisition along with the acquisition of Cannon formed the new product platform targeting niche downhole products that are consumed during the well construction, completion, intervention and production enhancement processes, as well as those associated with the growth in intelligent well construction. The results of Davis-Lynch’s operations have been included in the Company’s consolidated financial statements beginning August 1, 2011 and are included in the Company’s Drilling & Subsea segment.

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

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

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Revenue	\$	306,254	\$	568,693
Net income		20,541		43,003
Basic earnings per share		0.35		0.73
Diluted earnings per share		0.33		0.70

The pro forma information for the three and six months ended June 30, 2011 assumes that all 2011 acquisitions occurred as of January 1, 2011.

The combined results of operations of the acquired businesses have been adjusted to reflect additional depreciation of fixed assets and amortization of intangible assets subject to amortization. Pro forma interest expense was calculated on notes payable and draws on the Company's available line of credit at a rate of 4.7% , as if the businesses were acquired on January 1, 2011.

Although the Company believes the accounting policies and procedures used to prepare the pro forma schedules are reasonable, these pro forma results do not purport to be indicative of the actual results which would have been achieved had the acquisition been consummated on January 1, 2011. The amounts shown are not intended to be a projection of future results.

4. Inventories

The Company's significant components of inventory at June 30, 2012 and December 31, 2011 were as follows (in thousands):

	June 30, 2012		December 31, 2011	
Raw materials and parts	\$	138,608	\$	112,017
Work in process		63,272		52,402
Finished goods		220,679		177,659
Gross inventories		422,559		342,078
Inventory reserve		(19,934)		(17,440)
Inventories	\$	402,625	\$	324,638

5. Goodwill and intangible assets

Goodwill

The changes in the carrying amount of goodwill from January 1, 2012 to June 30, 2012, were as follows (in thousands):

	Drilling & Subsea		Production & Infrastructure		Total	
Goodwill Balance at January 1, 2012 net	\$	523,019	\$	77,808	\$	600,827
Impact of non-United States local currency translation		1,968		—		1,968
Goodwill Balance at June 30, 2012 net	\$	524,987	\$	77,808	\$	602,795

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

Intangible assets

At June 30, 2012 and December 31, 2011, intangible assets consisted of the following, respectively (in thousands):

	June 30, 2012			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	\$ 208,642	\$ (41,247)	\$ 167,395	4-15
Patents and technology	19,629	(3,535)	16,094	5-17
Non-compete agreements	5,548	(4,404)	1,144	3-6
Trade names	35,057	(7,217)	27,840	10-15
Contracts	260	(260)	—	<1
Distributor relationships	22,160	(9,395)	12,765	8-15
Trademark	5,521	—	5,521	Indefinite
Intangible Assets Total	\$ 296,817	\$ (66,058)	\$ 230,759	

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

During the quarter ended June 30, 2012, an impairment loss of \$ 1.2 million was recorded on certain intangible assets resulting from a lack of business and orders related to a specific service line within the Production & Infrastructure segment. The impairment loss was measured using a discounted cash flows approach and was recorded for the amount by which the carrying value exceeded the estimated fair value of the intangible assets. The impaired intangible assets included customer relationships and trade names. No other indicators of intangible asset impairment occurred during the six months ended June 30, 2012.

6. Debt

Notes payable and lines of credit consisted of the following at June 30, 2012 and December 31, 2011 (in thousands):

	June 30, 2012	December 31, 2011
Senior secured revolving credit facility	\$ 61,000	\$ 363,694
Term loan	300,000	300,000
Other debt	5,569	1,861
Total debt	366,569	665,555
Less: current maturities	(16,621)	(5,176)
Long-term debt	<u>\$ 349,948</u>	<u>\$ 660,379</u>

The Company entered into the Credit Facility with several financial institutions, which provides for a \$600.0 million revolving credit facility with up to \$75.0 million of letters of credit and up to \$25.0 million in swingline loans, and a

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

\$300.0 million term loan. In addition, subject to the terms of the Credit Facility, the Company has the ability to increase the commitments under the Credit Facility by up to \$100.0 million. The Credit Facility matures in October 2016. Weighted average interest rates under the Credit Facility (without the effect of hedging) at June 30, 2012 and December 31, 2011 were 2.74% and 2.78%, respectively.

Availability under the Credit Facility was approximately \$528.9 million and \$230.0 million at June 30, 2012 and December 31, 2011, respectively. The Company was in compliance with all financial covenants at June 30, 2012 and December 31, 2011.

On April 17, 2012, the Company sold 13,889,470 shares of common stock in the IPO and 2,666,666 shares of common stock in a private placement to a private equity fund (not affiliated with the sponsor) for aggregate net proceeds of approximately \$256.9 million and \$50.0 million, respectively. The Company used all of the net proceeds to repay a portion of the outstanding borrowings under the revolving portion of the Credit Facility.

Other debt

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

7. Income taxes

The Company's effective tax rate for the six months ended June 30, 2012 and 2011 was 33.5% and 35.4%, respectively. The tax provision for the second quarter of 2012 is lower than the comparable period in 2011 primarily due to a higher proportion of earnings in non-U.S. jurisdictions, which have lower tax rates.

8. Fair value measurements

During the six months ended June 30, 2011, the Company had interest rate swap agreements to convert variable interest payments related to \$34 million of floating rate debt to fixed interest payments. These swaps expired in March and November 2011. During the six months ended June 30, 2011, the Company also had an interest rate collar arrangement to reduce the variability in interest payments related to \$20 million in floating rate debt. This interest rate collar instrument expired in November 2011. These instruments were designated as cash flow hedging instruments and changes in their fair values were recognized in accumulated other comprehensive income or loss.

Approximately \$75 million of the Company's interest rate swaps were not designated for hedge accounting at inception. These swaps have a fixed rate of 1.83% plus the applicable margin and expire in August 2013. They are also recorded at fair value, which is measured using the market approach valuation technique. These interest rate swap agreements were executed to hedge the interest rate risk exposure. The realized gains and losses are included in Interest expense in the condensed consolidated statements of comprehensive income. At June 30, 2012, the fair value of the swap agreements was recorded as a long-term liability of \$1.2 million. At December 31, 2011, the fair value of the swap agreements was recorded as a current and long-term liability of \$0.2 million and \$1.6 million, respectively.

In connection with the acquisitions of WFP and Phoinix, the total consideration included contingent consideration payments. The fair value of the contingent consideration for these acquisitions was estimated at the time of the respective acquisitions based on internal valuations of the expected earnings levels that the acquired companies are expected to achieve and is re-measured quarterly. Refer to Note 3, Acquisitions, for further discussion.

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

The Company's financial assets and liabilities are measured at fair value on a recurring basis. There were no outstanding financial assets as of June 30, 2012 and December 31, 2011. The following fair value hierarchy table presents information about the Company's financial liabilities measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011 (in thousands):

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of June 30, 2012
Liabilities				
Interest rate derivatives	\$ —	\$ —	\$ 1,245	\$ 1,245
Contingent consideration	—	—	16,332	16,332
Total Liabilities	\$ —	\$ —	\$ 17,577	\$ 17,577

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2011
Liabilities				
Interest rate derivatives	\$ —	\$ —	\$ 1,773	\$ 1,773
Contingent consideration	—	—	41,800	41,800
Total Liabilities	\$ —	\$ —	\$ 43,573	\$ 43,573

Measurements of the interest rate derivative liabilities and contingent consideration are based on Level 3 inputs. The significant unobservable inputs relating to each fair value measurement is as follows:

Interest rate derivatives. The significant unobservable inputs to this fair value measurement include the projected future interest rates provided by the counterparties to the interest rate swap agreements and the fixed rates that the Company is obligated to pay under these agreements. The Company determines the value of derivative financial instruments using composite quotes obtained from market pricing services or, in certain cases, active-market quotes obtained from financial institutions.

Contingent consideration. The significant unobservable input to measure for the fair value of the contingent consideration is the earnings level that the acquired company is expected to achieve based on an internal valuation. In developing these estimates, the Company considered earnings projections, the acquired company's historical results, the general macro-economic environment and industry trends. During the six month period ended June 30, 2012, the Company recorded a credit for the contingent consideration in the amount of \$3.9 million to reflect the expected earnings levels of the acquired companies. Since the payment of the liability that is related to 2012 earnings will occur in 2013, the Company calculated the net present value of the liability as of June 30, 2012 using an appropriate discount rate.

At June 30, 2012, the carrying value of the Company's debt, excluding capital leases, was \$366.0 million. The majority of the debt incurs interest at a variable interest rate and therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

The Company did not change its valuation techniques associated with recurring fair value measurements from prior periods and there were no transfers between levels of the fair value hierarchy during the six month period ended June 30, 2012.

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

The following table sets forth a reconciliation of changes for the six month period ended June 30, 2012 in the fair value of financial liabilities classified as Level 3 in the fair value hierarchy (in thousands):

	Contingent consideration		Interest rate derivatives	
Balance at December 31, 2011	\$	41,800	\$	1,773
Total (Gains) or Losses (Realized or Unrealized):				
Included in Earnings		(3,900)		(528)
Included in Other Comprehensive Income		—		—
Payment of contingent consideration		(18,227)		—
Reclassified to equity		(3,341)		—
Purchases, Issuances and Settlements		—		—
Transfers In and/or Out of Level 3		—		—
Balance as of June 30, 2012	\$	16,332	\$	1,245

Upon resolution of the results of operations for WFP for the year ended December 31, 2011, the portion of the contingent consideration to be paid in shares of the Company's common stock related to the 2011 earnings was finalized and \$3.3 million of the liability was reclassified to equity.

9. Business segments

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

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenue:				
Drilling & Subsea	\$ 222,651	\$ 147,239	\$ 435,715	\$ 267,965
Production & Infrastructure	151,080	110,215	301,675	192,541
Intersegment eliminations	(219)	—	(389)	—
Total Revenue	\$ 373,512	\$ 257,454	\$ 737,001	\$ 460,506
Operating income:				
Drilling & Subsea	\$ 46,382	\$ 24,784	\$ 92,378	\$ 40,066
Production & Infrastructure	24,859	16,640	54,551	27,026
Corporate	(4,644)	(6,919)	(8,743)	(9,983)
Total segment operating income	66,597	34,505	138,186	57,109
Intangible asset impairment	1,161	—	1,161	—
Contingent consideration	(4,900)	5,800	(3,900)	5,800
Transaction expenses	442	2,341	797	2,616
(Gain)/loss on sale of assets	56	(117)	77	(420)
Income from operations	\$ 69,838	\$ 26,481	\$ 140,051	\$ 49,113

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

	June 30, 2012	December 31, 2011
Assets		
Drilling & Subsea	\$ 1,217,482	\$ 1,193,128
Production & Infrastructure	453,762	388,570
Corporate	35,251	25,617
Total assets	\$ 1,706,495	\$ 1,607,315

10. Earnings per share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Income attributable to common stockholders	\$ 44,121	\$ 13,734	\$ 86,603	\$ 26,103
Average shares outstanding (basic)	82,495	59,471	75,248	58,889
Common stock equivalents	7,299	3,189	6,742	2,444
Diluted shares	89,794	62,660	81,990	61,333
Earnings per share				
Basic earnings per share	\$ 0.53	\$ 0.23	\$ 1.15	\$ 0.44
Diluted earnings per share	\$ 0.49	\$ 0.22	\$ 1.06	\$ 0.43

The diluted earnings per share calculation excludes approximately 1.2 million and 0.1 million stock options for the three months ended June 30, 2012 and 2011, respectively, and 0.8 million and 0.1 million stock options for the six months ended June 30, 2012 and 2011, respectively, because they were anti-dilutive as the option exercise price was greater than the average market price of the common stock.

11. Commitments and contingencies

In the ordinary course of business, the Company is, and in the future, could be involved in various pending or threatened legal actions, some of which may or may not be covered by insurance. Management has reviewed such pending judicial and legal proceedings, the reasonably anticipated costs and expenses in connection with such proceedings, and the availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are believed to be probable and can be estimated. The reserves accrued at December 31, 2011 and June 30, 2012 are immaterial. In the opinion of management, the Company's ultimate liability, if any, with respect to these actions is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

12. Related party transactions

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

A subsidiary of the Company purchased inventory and services from an affiliate of a shareholder in amounts totaling \$2.4 million during the six-month periods ended June 30, 2012 and 2011. The Company sold \$1.0 million and \$0.3 million of equipment and services to an affiliate of a stockholder during the six-month periods ended June 30, 2012 and 2011, respectively.

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements may include statements about:

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Prospectus dated April 11, 2012 and filed with the Securities and Exchange Commission (the "SEC") on April 13, 2012 (the "Prospectus") and elsewhere in this Quarterly Report on Form 10-Q. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Overview

Organization

We are a global oilfield products company, serving the subsea, drilling, completion, production and infrastructure sectors of the oil and natural gas industry. We design, manufacture and distribute products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. Historically, a little more than half of our revenue is derived from activity-based consumable products, while a little less than half is derived from capital products. The balance of our revenue comes from rental and other services. We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, land and offshore drilling contractors, well stimulation and intervention service providers, subsea construction and service companies, pipeline and refinery operators, among others. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems.

We operate in two business segments:

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

Market Conditions

The demand for our products and services is ultimately driven by energy prices and the expectation of exploration and production companies as to future trends in those prices. Management believes that the long-term fundamentals underlying the global demand for energy, such as long-term economic and demographic trends, remain strong. In the nearer term, however, the outlook for commodity prices and the availability of capital to finance the development of energy and infrastructure projects are less strong than they were in recent periods. The level of demand for our products and services is directly related to energy prices.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

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

	Three Months Ended		
	June 30,		March 31,
	2012	2011	2012
Average global oil, \$/bbl			
West Texas Intermediate	\$ 93.51	\$ 102.62	\$ 103.38
United Kingdom Brent	\$ 108.60	\$ 116.75	\$ 118.12

Average North American Natural Gas, \$/Mcf			
Henry Hub	\$ 2.43	\$ 4.43	\$ 2.60

Crude oil prices appear adequate to generally maintain the current level of exploration and production activity, including the development of deepwater prospects, which stimulate demand for our subsea products and services. Current oil prices are also supporting a generally steady level of oil related activity, both offshore and onshore, supporting demand for our drilling and production related products and services. The low levels of North American natural gas prices have, however, negatively impacted certain areas of our business, principally those tied to products and services we provide to the pressure pumping service sector. At the same time, abundant natural gas at low prices appear to be leading to redevelopment of U.S. petrochemical and process industry facilities, promoting increased demand for our valve products.

Corresponding to the commodity price levels, the active rig count data below reflects a broad measure of industry activity and resultant demand for our drilling and production related products and services.

	Three Months Ended		
	June 30,		March 31,
	2012	2011	2012
Active Rigs by Location			
United States	1,959	1,886	1,979
Canada	261	240	256
International	1,285	1,158	1,192
Global Active Rigs	3,505	3,284	3,427
Land vs. Offshore Rigs			
Land	3,154	2,952	3,078
Offshore	351	332	349
Global Active Rigs	3,505	3,284	3,427
U.S. Commodity Target, Land			
Oil/Gas	1,421	1,006	1,318
Gas	534	874	658
Unclassified	4	6	3
Total U.S. Land Rigs	1,959	1,886	1,979
U.S. Well Path, Land			
Horizontal	1,171	1,073	1,180
Vertical	553	570	566
Directional	235	243	233
Total U.S. Active Land Rigs	1,959	1,886	1,979

The data reflects an increase in oil directed drilling activity and a decrease in gas directed drilling. Higher levels of rig activity generally result in higher levels of demand for our products and services. In broad terms the number of active rigs has remained fairly steady over the period. Equally important to our business is the number of land rigs employed in horizontal drilling activity, as this type of drilling involves higher levels of more intense pressure

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

pumping services and increased demand for our downhole products.

The current level of energy prices and corresponding drilling activity have resulted in robust demand for our products and services in our Drilling Technologies, Subsea Technologies, Downhole Technologies, and Surface Production Equipment product lines. Increased activity in the refurbishment and upgrade of petrochemical facilities and pipeline integrity efforts have strengthened the demand for products in our Valve Solutions product line. Those portions of our business that supply parts and equipment relating to pressure pumping, primarily Flow Equipment, have experienced a decline in revenue and a compression of margins due to a shift in activity towards oil drilling, which generally places less of a demand on pressure pumping services and an overstocking of parts and supplies by our customers during prior periods and a destocking of that inventory beginning in the second quarter, both of which resulted in a decrease in orders to us. We expect this destocking to continue through the end of the year.

Results of operations

We have grown our business both organically and through strategic acquisitions, including eight acquisitions in 2011, five of which were completed after June 30, 2011. For additional information about these acquisitions, see Note 3 of the notes to condensed consolidated financial statements in Item 1 of Part I of this quarterly report. For this reason, our results of operations for the periods presented may not be comparable to our historical results of operations. There are factors related to the businesses we have acquired that may result in lower net profit margins on a going-forward basis, primarily due to the fact that several of these acquired businesses were pass-through entities for federal income tax purposes and the fact that we have recorded higher depreciation and amortization expense than the prior owner.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Three months ended June 30, 2012 compared to three months ended June 30, 2011

	Three Months Ended June 30,		Favorable / (Unfavorable)	
	2012	2011	\$	%
<i>(in thousands of dollars, except per share information)</i>				
Revenue:				
Drilling & Subsea	\$ 222,651	\$ 147,239	\$ 75,412	51.2 %
Production & Infrastructure	151,080	110,215	40,865	37.1 %
Eliminations	(219)	—	(219)	*
Total revenue	\$ 373,512	\$ 257,454	\$ 116,058	45.1 %
Cost of sales:				
Drilling & Subsea	\$ 141,839	\$ 100,586	\$ (41,253)	(41.0)%
Production & Infrastructure	109,090	79,676	(29,414)	(36.9)%
Eliminations	(219)	—	219	*
Total cost of sales	\$ 250,710	\$ 180,262	\$ (70,448)	(39.1)%
Gross profit:				
Drilling & Subsea	\$ 80,812	\$ 46,653	\$ 34,159	73.2 %
Production & Infrastructure	41,990	30,539	11,451	37.5 %
Total gross profit	\$ 122,802	\$ 77,192	\$ 45,610	59.1 %
Selling, general and administrative expenses:				
Drilling & Subsea	\$ 34,430	\$ 21,869	\$ (12,561)	(57.4)%
Production & Infrastructure	17,131	13,899	(3,232)	(23.3)%
Corporate	4,644	6,919	2,275	32.9 %
Total selling, general and administrative expenses	\$ 56,205	\$ 42,687	\$ (13,518)	(31.7)%
Operating income:				
Drilling & Subsea	\$ 46,382	\$ 24,784	\$ 21,598	87.1 %
Production & Infrastructure	24,859	16,640	8,219	49.4 %
Corporate	(4,644)	(6,919)	2,275	32.9 %
Total segment operating income	\$ 66,597	\$ 34,505	\$ 32,092	93.0 %
Contingent consideration expense (benefit)	(4,900)	5,800	10,700	*
Impairment of intangible assets	1,161	—	(1,161)	*
Transaction expenses	442	2,341	1,899	81.1 %
(Gain)/loss on sale of assets	56	(117)	(173)	(147.9)%
Income from operations	69,838	26,481	43,357	163.7 %
Interest expense, net	3,623	4,449	826	18.6 %
Other, net	335	687	352	51.2 %
Other (income) expense, net	3,958	5,136	1,178	22.9 %
Income before income taxes	65,880	21,345	44,535	*
Income tax expense	21,742	7,453	(14,289)	*
Net income	44,138	13,892	30,246	*
Less: Income attributable to non-controlling interest	17	158	(141)	*
Income attributable to common stockholders	\$ 44,121	\$ 13,734	\$ 30,387	*
Weighted average shares outstanding				
Basic	82,495	59,471		
Diluted	89,794	62,660		
Earnings per share				
Basic	\$ 0.53	\$ 0.23		
Diluted	\$ 0.49	\$ 0.22		
* not meaningful				

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Revenue

Our revenue for the three months ended June 30, 2012 increased \$116.1 million, or 45.1%, to \$373.5 million compared to the three months ended June 30, 2011. For the three months ended June 30, 2012, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 59.6% and 40.4% of our total revenue, respectively, compared to 57.2% and 42.8%, respectively, for the three months ended June 30, 2011. All of our product lines had increased revenue in the quarter ended June 30, 2012 compared to the comparable prior year period. The revenue increase by operating segment consisted of the following:

Drilling & Subsea Segment - Revenue increased \$75.4 million, or 51.2%, to \$222.7 million during the three months ended June 30, 2012 compared to the three months ended June 30, 2011. Of the \$75.4 million increase, 36.1% was attributable to organic initiatives and 63.9% to operations acquired in 2011 that were not owned in the second quarter of 2011. The contributions to the organic growth were primarily increased shipments in drilling technologies of hydraulic catwalk units, manifold packages and tubular handling products, and in subsea technologies increased sales of workclass remote operating vehicles and parts related to the vehicles. The 2011 acquisitions added new drilling products from AMC Global Group, Ltd. ("AMC") and P-Quip, Ltd. ("P-Quip"), subsea products from one of the acquisitions, and downhole products from Davis-Lynch LLC ("Davis-Lynch") and Cannon Services, LLC ("Cannon").

Production & Infrastructure Segment - Revenue increased \$40.9 million, or 37.1%, to \$151.1 million during the three months ended June 30, 2012 compared to the three months ended June 30, 2011. The growth was attributable to increased shipments in both production equipment and valve solution products as each product line had higher market demand and increased orders from new customers. The higher shipments were made possible for production equipment by the expansion of existing facilities and the addition of new facilities in Pennsylvania, each completed throughout 2011. A portion of the revenue increase was due to the 2011 acquisitions that were entirely related to our flow equipment product line and were not owned for the full second quarter of 2011.

Segment operating income and segment operating margin percentage

Segment operating income for the three months ended June 30, 2012 increased \$32.1 million, or 93.0%, to \$66.6 million compared to the three months ended June 30, 2011. The segment operating margin percentage is calculated by dividing segment operating income by revenue. For the three months ended June 30, 2012, the segment operating margin percentage of 17.8% represents an improvement of 440 basis points over 13.4% operating margin percentage for the three months ended June 30, 2011. The improvement in operating margin percentage achieved in each segment was derived as follows:

Drilling & Subsea Segment - The operating margin percentage improved 400 basis points to 20.8% for the three months ended June 30, 2012, up from 16.8% for the three months ended June 30, 2011. Of this 400 basis point improvement in operating margin percentage, 180 basis points were due to manufacturing efficiencies in the base business and lower costs on certain subsea custom products, and 220 basis points were from higher margins on sales of products acquired in 2011 that were not included in the second quarter 2011. Offsetting the higher gross margins were slightly higher selling, general and administrative costs as a percentage of revenue attributable to the amortization of intangible assets of the businesses acquired in 2011.

Production & Infrastructure Segment - The operating margin percentage improved 140 basis points to 16.5% for the three months ended June 30, 2012, up from 15.1% for the three months ended June 30, 2011 primarily due to manufacturing efficiencies in the production equipment and valve solutions product lines as well as slight price increases on certain valve products. These margin increases are slightly offset by lower margins in the flow equipment product line due to changes in this market. The pressure pumping service providers, our customers, are currently experiencing excess capacity of new capital equipment and supplies and these companies have begun destocking supplies built up during an extended period of shortages. Also impacting our operating margins were lower selling, general and administrative costs as a percent of revenue attributable to tight controls on administrative costs during a period of increased sales.

Corporate — Selling, general and administrative expenses for Corporate decreased \$2.3 million, or 32.9%, for the three months ended June 30, 2012 compared to the three months ended June 30, 2011 due to incentive compensation accruals. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, and human resources; professional fees for legal, accounting and related services; and marketing costs.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Other items

Several items are not included in segment operating income but are included in total operating income. These items include: Contingent consideration, impairment of intangible assets, transaction expenses and gains/losses from the sale of assets. Contingent consideration is related to two acquisitions in 2011 where part of the purchase price is payable in cash and/or shares of the Company's common stock based on the earnings of the acquired entities. The change in the amount of the accrual is recorded as part of operating income. The impact to earnings was an increase to operating income of \$4.9 million due to lower projected earnings of the acquired entities and a decrease to operating income for \$5.8 million for the three months ended June 30, 2012 and 2011, respectively. During the quarter ended June 30, 2012, an impairment loss of \$ 1.2 million was recorded on certain intangible assets as a result of a lack of orders for a specific service line within the Production & Infrastructure segment. Transaction expenses relate to costs incurred for corporate development work in acquiring businesses and are not considered to be part of segment operating income. These costs were \$0.4 million and \$2.3 million for the three months ended June 30, 2012 and 2011, respectively.

Interest expense

We incurred \$3.6 million of interest expense during the three months ended June 30, 2012, a decrease of \$0.8 million from the three months ended June 30, 2011. The decrease in interest expense was attributable to the decrease in debt levels as we repaid a portion of our debt from the net proceeds of the initial public offering (the "IPO") and concurrent private placement during the second quarter 2012.

Taxes

Tax expense includes current income taxes expected to be due based on taxable income to be reported during the periods in the various jurisdictions in which we conduct business, and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 33.0% and 34.9% for the three months ended June 30, 2012 and 2011, respectively. The tax provision for the three months ended June 30, 2012 is lower than the comparable period in 2011 primarily due to a higher proportion of earnings in non-U.S. jurisdictions, which have lower tax rates.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Six months ended June 30, 2012 compared to six months ended June 30, 2011

	Six Months Ended June 30,		Favorable / (Unfavorable)	
	2012	2011	\$	%
<i>(in thousands of dollars, except per share information)</i>				
Revenue:				
Drilling & Subsea	\$ 435,715	\$ 267,965	\$ 167,750	62.6 %
Production & Infrastructure	301,675	192,541	109,134	56.7 %
Eliminations	(389)	—	(389)	*
Total revenue	\$ 737,001	\$ 460,506	\$ 276,495	60.0 %
Cost of sales:				
Drilling & Subsea	\$ 275,689	\$ 185,263	\$ (90,426)	(48.8)%
Production & Infrastructure	212,456	139,254	(73,202)	(52.6)%
Eliminations	(389)	—	389	*
Total cost of sales	\$ 487,756	\$ 324,517	\$ (163,239)	(50.3)%
Gross profit:				
Drilling & Subsea	\$ 160,026	\$ 82,702	\$ 77,324	93.5 %
Production & Infrastructure	89,219	53,287	35,932	67.4 %
Total gross profit	\$ 249,245	\$ 135,989	\$ 113,256	83.3 %
Selling, general and administrative expenses:				
Drilling & Subsea	\$ 67,648	\$ 42,636	\$ (25,012)	(58.7)%
Production & Infrastructure	34,668	26,261	(8,407)	(32.0)%
Corporate	8,743	9,983	1,240	12.4 %
Total selling, general and administrative expenses	\$ 111,059	\$ 78,880	\$ (32,179)	(40.8)%
Operating income:				
Drilling & Subsea	\$ 92,378	\$ 40,066	\$ 52,312	130.6 %
Production & Infrastructure	54,551	27,026	27,525	101.8 %
Corporate	(8,743)	(9,983)	1,240	12.4 %
Total segment operating income	\$ 138,186	\$ 57,109	\$ 81,077	142.0 %
Contingent consideration expense (benefit)	(3,900)	5,800	9,700	*
Impairment of intangible assets	1,161	—	(1,161)	*
Transaction expenses	797	2,616	1,819	69.5 %
(Gain)/loss on sale of assets	77	(420)	(497)	(118.3)%
Income from operations	140,051	49,113	90,938	*
Interest expense, net	9,409	7,689	(1,720)	(22.4)%
Other, net	366	751	385	51.3 %
Other (income) expense, net	9,775	8,440	(1,335)	(15.8)%
Income before income taxes	130,276	40,673	89,603	*
Income tax expense	43,627	14,383	(29,244)	*
Net income	86,649	26,290	60,359	*
Less: Income attributable to non-controlling interest	46	187	(141)	*
Income attributable to common stockholders	\$ 86,603	\$ 26,103	\$ 60,500	*
Weighted average shares outstanding				
Basic	75,248	58,889		
Diluted	81,990	61,333		
Earnings per share				
Basic	\$ 1.15	\$ 0.44		
Diluted	\$ 1.06	\$ 0.43		
* not meaningful				

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Revenue

Our revenue for the six months ended June 30, 2012 increased \$276.5 million, or 60.0%, to \$737.0 million compared to the six months ended June 30, 2011. For the six months ended June 30, 2012, our Drilling & Subsea Segment and our Production & Infrastructure Segment comprised 59.1% and 40.9% of our total revenue, respectively, compared to 58.2% and 41.8%, respectively, for the six months ended June 30, 2011. All of our product lines had increased revenue in the six months ended June 30, 2012 compared to the comparable prior year period. The revenue increase by operating segment consisted of the following:

Drilling & Subsea Segment - Revenue increased \$167.8 million, or 62.6%, to \$435.7 million during the six months ended June 30, 2012 compared to the six months ended June 30, 2011. Of the \$167.8 million increase, approximately 41% was attributable to organic initiatives and 59% to operations acquired in 2011 that were not owned in the first six months of 2011. The contributions to the organic growth were primarily increased shipments in drilling technologies of hydraulic catwalk units, tubular handling products and manifold packages, and in subsea technologies increased sales of workclass remote operating vehicles and parts related to the vehicles. The 2011 acquisitions added new drilling products from AMC and P-Quip, subsea products from one of the acquisitions, and downhole products from Davis-Lynch and Cannon.

Production & Infrastructure Segment - Revenue increased \$109.1 million, or 56.7%, to \$301.7 million during the six months ended June 30, 2012 compared to the six months ended June 30, 2011. The increase in revenue was approximately 44% from organic growth and 56% from acquired operations in 2011 that were not owned for the full first half of last year. The organic growth was attributable to increased shipments in both production equipment and valve solution products to meet higher market demand and orders from new customers. The higher shipments were made possible for production equipment by the expansion of existing facilities and the addition of new facilities in Pennsylvania, each completed throughout 2011. The 2011 acquisitions were entirely related to our flow equipment product line and included WFP and Phoinix.

Segment operating income and segment operating margin percentage

Segment operating income for the six months ended June 30, 2012 increased \$81.1 million, or 142.0%, to \$138.2 million compared to the six months ended June 30, 2011. The segment operating margin percentage is calculated by dividing segment operating income by revenue. For the six months ended June 30, 2012, the segment operating margin percentage of 18.7% represents an improvement of 630 basis points over 12.4% operating margin for the six months ended June 30, 2011. The improvement in operating margin percentage achieved in each segment was derived as follows:

Drilling & Subsea Segment - The operating margin percentage improved 620 basis points to 21.2% for the six months ended June 30, 2012, up from 15.0% for the six months ended June 30, 2011. Of this 620 basis point improvement in operating margin percentage, 380 basis points were due to manufacturing efficiencies in the base business excluding the impact of acquired products in 2011, and 240 basis points were from higher margins on sales of products acquired in 2011 that were not included in the second quarter 2011. In addition, there were lower selling, general and administrative costs as a percentage of revenue that were achieved through operating leverage on higher shipments, although there are additional costs in the current year related to the amortization of intangible assets of the businesses acquired in 2011.

Production & Infrastructure Segment - The operating margin percentage improved 410 basis points to 18.1% for the six months ended June 30, 2012, up from 14.0% for the six months ended June 30, 2011 primarily from valves solutions price increases. In addition, there were lower selling, general and administrative costs as a percent of revenue that were attributable to tight controls on administrative costs during a period of increased sales.

Corporate — Selling, general and administrative expenses for Corporate decreased \$1.2 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 due to incentive compensation accruals. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal and human resources; professional fees for legal, accounting and related services; and marketing costs.

Other items

Several items are not included in segment operating income but are included in total operating income. These items include: Contingent consideration, impairment of intangible assets, transaction expenses and gains/losses

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

from the sale of assets. Contingent consideration is related to two acquisitions in 2011 where part of the purchase consideration is payable in cash and/or shares of the Company's common stock based on the earnings of the acquired entities. The change in the amount of the accrual is recorded as part of operating income. The impact to earnings was an increase to operating income of \$3.9 million and a decrease to operating income for \$5.8 million for the six months ended June 30, 2012 and 2011, respectively. During the six months ended June 30, 2012, an impairment loss of \$ 1.2 million was recorded on certain intangible assets resulting from a lack of orders related to a specific service line within the Production & Infrastructure segment. Transaction expenses relate to costs incurred for corporate development work in acquiring businesses and are not considered to be part of segment operating income. These costs were \$0.8 million and \$2.6 million for the six months ended June 30, 2012 and 2011, respectively.

Interest expense

We incurred \$9.4 million of interest expense during the six months ended June 30, 2012, an increase of \$1.7 million from the six months ended June 30, 2011. The increase in interest expense was attributable to the increase in debt levels incurred to finance the cash portion of the consideration paid in connection with our eight acquisitions in 2011, partially offset from lower interest expense as debt was paid back with the net proceeds of the IPO and concurrent private placement during second quarter 2012.

Taxes

Tax expense includes current income taxes expected to be due based on taxable income to be reported during the periods in the various jurisdictions in which we conduct business, and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 33.5% and 35.4% for the six months ended June 30, 2012 and 2011, respectively. The tax provision for the six months ended June 30, 2012 is lower than the comparable period in 2011 primarily due to a higher proportion of earnings in non-U.S. jurisdictions, which have lower tax rates.

Liquidity and capital resources

Sources and uses of liquidity

At June 30, 2012, we had cash and cash equivalents of \$14.8 million and total debt of \$366.6 million. During the six months ended June 30, 2012, we used the net proceeds from the IPO and concurrent private placement to repay a portion of the outstanding borrowings under our senior secured credit facility (the "Credit Facility").

We believe that cash on hand, cash generated from operations and amounts available under the Credit Facility will be sufficient to fund operations, working capital needs, capital expenditure requirements, and financing obligations for the foreseeable future.

Our total 2012 capital expenditure budget is approximately \$55 million, which consists of, among other items, investments in expanding our rental fleet of subsea equipment, expanding certain manufacturing facilities and purchasing of machinery and equipment, as well as maintenance capital expenditures of approximately \$20 million. This budget does not include expenditures for potential business acquisitions.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. We expanded and diversified our product portfolio with the acquisition of eight businesses in 2011 for total consideration (net of cash acquired) of approximately \$578 million. We used cash on hand and borrowings under the Credit Facility to finance these acquisitions. We continue to actively review acquisition opportunities on an ongoing basis. Our ability to make significant additional acquisitions for cash will require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Our cash flows for the six months ended June 30, 2012 and 2011 are presented below (in millions):

	Six Months Ended June 30,	
	2012	2011
Net cash provided by operating activities	\$ 25.1	\$ 1.9
Net cash used in investing activities	(25.3)	(84.8)
Net cash provided by/(used in) financing activities	(5.5)	126.1
Net increase (decrease) in cash and cash equivalents	\$ (5.7)	\$ 45.8

Cash flows provided by operating activities

Net cash provided by operating activities was \$25.1 million and \$1.9 million for the six months ended June 30, 2012 and 2011, respectively. This \$23.2 million increase in operating cash flow is primarily due to increased net income of \$60.4 million. During the six months ended June 30, 2012, we continued to have investments in working capital that decreased operating cash flows, including a \$77.5 million increase in inventory.

Cash flows used in investing activities

Net cash used in investing activities was \$25.3 million and \$84.8 million for the six months ended June 30, 2012 and 2011, respectively, a \$59.5 million decrease period over period. Of this decrease, \$2.8 million was used to fund the consideration for an acquisition during the six months ended June 30, 2012 compared with \$65.2 million used for acquisitions in the six months ended June 30, 2011. This decrease was partially offset by a higher investment in property and equipment of \$25.1 million during the six months ended June 30, 2012 compared an investment of \$20.5 million during the six months ended June 30, 2011.

Cash flows provided by (used in) financing activities

Net cash used in financing activities was \$5.5 million for the six months ended June 30, 2012 and consisted primarily of (1) net proceeds from our recent IPO and concurrent private placement which were used to pay down a portion of the outstanding borrowings under the revolving portion of the Credit Facility, and (2) payment of contingent consideration with respect to acquisitions. Net cash provided by financing activities was \$126.1 million for the six months ended June 30, 2011, which was attributable to draws on the Credit Facility and a stock issuance to our major shareholder.

Credit Facility

We entered into the Credit Facility with several financial institutions, which provides for a \$600.0 million revolving credit facility with up to \$75.0 million of letters of credit and up to \$25 million in swingline loans, and a \$300.0 million term loan. In addition, subject to terms of the Credit Facility, we have the ability to increase the commitments under this facility by up to \$100.0 million. The Credit Facility matures in October 2016. Weighted average interest rates, under the Credit Facility, (without the effect of hedging) at June 30, 2012 and December 31, 2011 were 2.74% and 2.78%, respectively.

It is anticipated that future borrowings under the credit agreement will be available for working capital and general corporate purposes and for permitted acquisitions. It is anticipated that the Credit Facility will be available to be drawn on and repaid during the term thereof so long as we are in compliance with the terms of the credit agreement, including certain financial covenants.

Availability under the Credit Facility was approximately \$528.9 million and \$230.0 million at June 30, 2012 and December 31, 2011, respectively. We were in compliance with all financial covenants at June 30, 2012 and December 31, 2011.

On April 17, 2012, we sold 13,889,470 shares of common stock in the IPO and 2,666,666 shares of common stock in a private placement to a private equity fund (not affiliated with our sponsor) for aggregate net proceeds of approximately \$257.9 million and \$50.0 million, respectively. All of the net proceeds were used to repay a portion of the outstanding borrowings under the revolving portion of the Credit Facility.

Off-balance sheet arrangements

As of June 30, 2012, we had no off-balance sheet instruments or financial arrangements.

**Management's Discussion and Analysis
of Financial Condition and Results of Operations (continued)**

Contractual obligations

Except for the repayment of a portion of the outstanding borrowings under the revolving portion of the Credit Facility discussed above, there have been no material changes in our contractual obligations and commitments disclosed in the Prospectus.

Critical Accounting Policies

There have been no material changes in our critical accounting policies and procedures during the six months ended June 30, 2012. For a detailed discussion of our critical accounting policies and estimates, refer to the Prospectus.

Recent Accounting Pronouncements

In May 2011, the FASB expanded the fair value measurements and disclosures guidance related to items marked to fair value that are categorized within Level 3 of the fair value hierarchy to include qualitative explanations of the valuation methodology used and sensitivity analysis of the valuation inputs. The amendment also requires entities to disclose the level in the fair value hierarchy for items that are not measured at fair value, but for which the fair value is disclosed. This guidance was adopted by the Company for the fiscal year beginning on January 1, 2012 and did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued an update to ASC 220, Presentation of Comprehensive Income. This ASU provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either (1) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income; or (2) a two-statement approach, which presents the components of net income and total net income in a first statement, immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option in current GAAP that permits the presentation of other comprehensive income in the statement of changes in equity was eliminated. For the fiscal year beginning January 1, 2012, the Company adopted the guidance and began presenting comprehensive income in a single statement. The guidance was applied retrospectively and did not have a material impact on the Company's financial statements.

In December 2010, the FASB issued FASB ASU 2010-28, "Intangibles - Goodwill and Other," which affects entities evaluating goodwill for impairment under FASB ASC 350-20. ASU 2010-28, among other things, requires entities with a zero or negative carrying value to assess, considering qualitative factors, whether it is more likely than not that goodwill impairment exists. If an entity concludes that it is more likely than not that goodwill impairment exists, the entity must perform step 2 of the goodwill impairment test. This guidance was adopted by the Company for the fiscal year beginning on January 1, 2012 and did not have a material impact on the Company's financial statements.

Item 3. Quantitative and qualitative disclosures about market risk

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

Since December 31, 2011, there have been no significant changes to our discussion of our exposure to market risk under "Management's discussion and analysis of financial condition and results of operations" included in the Prospectus.

Item 4. Controls and procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of June 30, 2012. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2012 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 11, Commitments and Contingencies, in Part I, Item 1, *Financial Statements*, for a discussion of our legal proceedings, which is incorporated into this Item 1 of Part II by reference.

Item 1A. Risk Factors

For additional information about our risk factors, see "Risk Factors" in the Prospectus.

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

Unregistered Sales of Equity Securities

During the three month period ended June 30, 2012, we issued unregistered securities to a limited number of persons, as described below. None of these transactions involved any underwriters, underwriting discounts or commissions or any public offering, and we believe that each of these transactions was exempt from the registration requirements pursuant to Section 4(2) of the Securities Act, Regulation D or Regulation S promulgated thereunder or Rule 701 of the Securities Act. The recipients of these securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in these transactions.

The following table sets forth information on the restricted stock awards issued by us in the three months ended June 30, 2012.

Person or class of person	Date of issuance/option exercise	Total shares of restricted stock	Common stock issued pursuant to options/warrant exercises	Total consideration
FET Executive Officers	April 12, 2012	168,720		*
FET Employees	April 12, 2012	222,148		*

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

The following table sets forth information on the stock options issued by us during the three months ended June 30, 2012.

Date of issuance	Number of options granted	Grant date exercise price (\$/sh)
April 12, 2012	1,148,998	\$ 20.00

No cash consideration was paid to us by any recipient of any of the foregoing options for the grant of such options.

Certain transactions, including certain of the above-described issuances of restricted stock and option grants to accredited investors were made in reliance upon the exemption from registration requirements of the Securities Act available under Section 4(2) of the Securities Act, Rule 506 of Regulation D or Regulation S. The recipients of the securities in these transactions represented that they were sophisticated persons, they intended to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof, they were non-U.S. persons (in the case of sales made pursuant to Regulation S), and appropriate legends were affixed to the share certificates and instruments issued in such sales. We believe that the purchasers either received adequate information about us or had adequate access, through their relationships with us and our public filings, to such information.

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

Item 6. Exhibits

Exhibit Number	DESCRIPTION
1.1*	— Underwriting Agreement, dated April 11, 2012, by and among Forum Energy Technologies, Inc., the Selling Stockholders, named therein and the Underwriters named therein (incorporated herein by reference to Exhibit 1.1 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
3.1*	— Second Amended and Restated Bylaws of Forum Energy Technologies, Inc. dated April 17, 2012 (incorporated herein by reference to Exhibit 3.1 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
10.1#	— Stock Purchase Agreement between Forum Energy Technologies, Inc. and Tinicum, L.P., dated as of March 28, 2012 (incorporated herein by reference to Exhibit 10.30 to Amendment No. 5 to the Company's Registration Statement on Form S-1 filed on March 29, 2012).
10.2#	— Amendment to Employment Agreement dated as of April 12, 2012 between Forum Energy Technologies, Inc. and C. Christopher Gaut (incorporated herein by reference to Exhibit 10.2 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
10.3#	— Amendment to Employment Agreement dated as of April 12, 2012 between Forum Energy Technologies, Inc. and Wendell R. Brooks (incorporated herein by reference to Exhibit 10.3 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
10.4#	— Amendment to Employment Agreement dated as of April 12, 2012 between Forum Energy Technologies, Inc. and James W. Harris (incorporated herein by reference to Exhibit 10.4 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
10.5#	— Amendment to Employment Agreement dated as of April 12, 2012 between Forum Energy Technologies, Inc. and James L. McCulloch (incorporated herein by reference to Exhibit 10.5 on the Company's Current Report on Form 8-K, filed on April 17, 2012).
10.6**	— Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (as amended and restated effective April 12, 2012).
31.1**	— Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	— Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1***	— Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2***	— Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	— XBRL Instance Document
101.SCH	— XBRL Taxonomy Extension Schema Document
101.CAL	— XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	— XBRL Taxonomy Extension Label Linkbase Document
101.PRE	— XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	— XBRL Taxonomy Extension Definition Linkbase Document

* Previously filed.

** Filed herewith.

*** Furnished herewith.

Identifies management contracts and compensatory plans or arrangements.

FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN
(As Amended and Restated Effective April 12, 2012)

I. PURPOSE OF THE PLAN

The purpose of the **FORUM ENERGY TECHNOLOGIES, INC. 2010 STOCK INCENTIVE PLAN** (the “*Plan*”) is to provide a means through which FORUM ENERGY TECHNOLOGIES, INC., a Delaware corporation (the “*Company*”), and its Affiliates may attract able persons to serve as Directors or Consultants or to enter the employ of the Company and its Affiliates and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company and its Affiliates rest, and whose present and potential contributions to the Company and its Affiliates are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company and its Affiliates. A further purpose of the Plan is to provide such individuals with additional incentive and reward opportunities designed to enhance the profitable growth of the Company and its Affiliates. Accordingly, the Plan provides for granting Incentive Stock Options, options that do not constitute Incentive Stock Options, Restricted Stock Awards, Performance Awards, Phantom Stock Awards, Bonus Stock Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular employee, Consultant, or Director as provided herein.

On March 13, 2012, the Board of Directors of the Company (the “*Board*”) authorized and approved an amendment and restatement of the Prior Plan (as defined below) to increase the number of authorized shares from 400,000 to 500,000 effective as of the Company’s initial public offering and subject to approval of the Company’s stockholders. The Company’s stockholders approved the amendment and restatement at the annual meeting of stockholders held on March 27, 2012. Pursuant to Paragraph XII(b) of the Plan, the number of shares available for issuance under the Plan was adjusted to reflect the 37 for 1 stock split effected on March 28, 2012, and, accordingly, effective as of the Company’s initial public offering, the number of available shares increased to 18,500,000.

The Plan as set forth herein constitutes an amendment and restatement of the Prior Plan. Except as provided in the following sentence, the Plan shall supersede and replace in its entirety the Prior Plan. Notwithstanding any provisions herein to the contrary, each award granted under the Prior Plan prior to the effective date of this amendment and restatement shall be subject to the terms and provisions applicable to such award under the Prior Plan, as in effect immediately prior to this amendment and restatement.

II. DEFINITIONS

The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

(a) “*Affiliate*” means any corporation, partnership, limited liability company or partnership, association, trust, or other organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession,

directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

(b) **“Award”** means, individually or collectively, any Option, Restricted Stock Award, Performance Award, Phantom Stock Award, or Bonus Stock Award.

(c) **“Board”** means the Board of Directors of the Company.

(d) **“Bonus Stock Award”** means an Award granted under Paragraph XI of the Plan.

(e) **“Change in Control”** shall have the meaning assigned to such term in Exhibit A to the Plan.

(f) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any Section of the Code shall be deemed to include any amendments or successor provisions to such Section and any regulations under such Section.

(g) **“Committee”** means a committee of the Board that is selected by the Board as provided in Paragraph IV(a).

(h) **“Common Stock”** means the common stock, par value \$.01 per share, of the Company, or any security into which such common stock may be changed by reason of any transaction or event of the type described in Paragraph XII.

(i) **“Company”** means Forum Energy Technologies, Inc., a Delaware corporation.

(j) **“Consultant”** means any person who is not an employee or a Director and who is providing advisory or consulting services to the Company or any Affiliate.

(k) **“Corporate Change”** shall have the meaning assigned to such term in Paragraph XII(c) of the Plan.

(l) **“Director”** means an individual who is a member of the Board.

(m) An **“employee”** means any person (including a Director) in an employment relationship with the Company or any Affiliate. In addition, in connection with the Triton Merger (as such term is defined in that certain Combination Agreement dated July 16, 2010, by and among Forum Oilfield Technologies, Inc., Triton Group Holdings LLC and the other parties thereto), an individual who holds “Series A Management Units” and/or “Series B Management Units” in Triton Group Holdings LLC shall be considered an “employee” (without regard to whether such individual is currently providing or formerly provided services to Triton Group Holdings LLC or an affiliate thereof as an employee or in another capacity) for purposes of determining eligibility under the Plan to receive Awards.

(n) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(o) **“Fair Market Value”** means, as of any specified date, the closing price of the Common Stock, if the Common Stock is listed on a national stock exchange registered under

Section 6(a) of the Exchange Act, reported on the stock exchange composite tape on that date (or such other reporting service approved by the Committee); or, if no closing price is reported on that date, on the last preceding date on which such closing price of the Common Stock is so reported. If the Common Stock is traded over the counter at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of Common Stock on the most recent date on which Common Stock was publicly traded. In the event Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in such manner as it deems appropriate and as is consistent with the requirements of Section 409A of the Code.

(p) ***“Incentive Stock Option”*** means an incentive stock option within the meaning of Section 422 of the Code.

(q) ***“Option”*** means an Award granted under Paragraph VII of the Plan and includes both Incentive Stock Options to purchase Common Stock and Options that do not constitute Incentive Stock Options to purchase Common Stock.

(r) ***“Option Agreement”*** means a written agreement between the Company and a Participant with respect to an Option.

(s) ***“Participant”*** means an employee, Consultant, or Director who has been granted an Award.

(t) ***“Performance Award”*** means an Award granted under Paragraph IX of the Plan.

(u) ***“Performance Award Agreement”*** means a written agreement between the Company and a Participant with respect to a Performance Award.

(v) ***“Performance Measure”*** means one or more performance measures established by the Committee that are based on (i) the price of a share of Common Stock, (ii) the Company’s earnings per share, (iii) the Company’s market share or the market share of a business unit of the Company designated by the Committee, (iv) the Company’s sales or the sales of a business unit of the Company designated by the Committee, (v) operating income or operating income margin of the Company or a business unit of the Company, (vi) the net income or net income margin (before or after taxes) of the Company or any business unit of the Company designated by the Committee, (vii) the cash flow or return on investment of the Company or any business unit of the Company designated by the Committee, (viii) the earnings or earnings margin before or after interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee, (ix) the economic value added, (x) the return on capital, assets, or stockholders’ equity achieved by the Company, (xi) the total stockholders’ return achieved by the Company, or (xii) any combination of the foregoing. The performance measures described in the preceding sentence may be absolute, relative to one or more other companies, relative to one or more indexes, or measured by reference to the Company alone or the Company together with one or more of its Affiliates. In addition, performance measures may be subject to adjustment by the Committee for changes in accounting principles, to satisfy regulatory requirements and other specified significant extraordinary items or events.

(w) ***“Phantom Stock Award”*** means an Award granted under Paragraph X of the Plan.

(x) **“Phantom Stock Award Agreement”** means a written agreement between the Company and a Participant with respect to a Phantom Stock Award.

(y) **“Plan”** means the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan, as amended and restated effective April 12, 2012.

(z) **“Prior Plan”** means the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (formerly known as the Forum Oilfield Technologies, Inc. 2005 Stock Incentive Plan) as amended and in effect immediately prior to the effective date of the Plan.

(aa) **“Restricted Stock Agreement”** means a written agreement between the Company and a Participant with respect to a Restricted Stock Award.

(bb) **“Restricted Stock Award”** means an Award granted under Paragraph VIII of the Plan.

(cc) **“Rule 16b-3”** means Securities Exchange Commission Rule 16b-3 promulgated under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation, or statute fulfilling the same or a similar function.

(dd) **“Stock Appreciation Right”** means a right to acquire, upon exercise of the right, Common Stock and/or, in the sole discretion of the Committee, cash having an aggregate value equal to the then excess of the Fair Market Value of the shares with respect to which the right is exercised over the exercise price therefor. The Committee shall retain final authority to determine whether a Participant shall be permitted, and to approve an election by a Participant, to receive cash in full or partial settlement of a Stock Appreciation Right.

III. EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan was approved by the stockholders of the Company and was effective upon the Company’s initial public offering. Notwithstanding any provision in the Plan to the contrary, no Option shall be exercisable, no Restricted Stock Award or Bonus Stock Award shall be granted, and no Performance Award or Phantom Stock Award shall vest or become satisfiable prior to such stockholder approval. No further Awards may be granted under the Plan after 10 years from the date the Prior Plan was adopted by the Board. The Plan shall remain in effect until all Options granted under the Plan have been satisfied or expired, all Restricted Stock Awards granted under the Plan have vested or been forfeited, and all Performance Awards, Phantom Stock Awards, and Bonus Stock Awards have been satisfied or expired.

IV. ADMINISTRATION

(a) **Composition of Committee.** The Plan shall be administered by a committee of, and appointed by, the Board. In the absence of the Board’s appointment of a committee to administer the Plan, the Board shall serve as the Committee. Notwithstanding the foregoing, from and after the date upon which the Company becomes a “publicly held corporation” (as defined in Section 162(m) of the Code and applicable interpretative authority thereunder), the Plan shall be administered by a committee of, and appointed by, the Board that shall be comprised solely of two or more outside Directors (within the meaning of the term “outside directors” as used in Section 162(m) of the Code and applicable interpretive authority thereunder and within the meaning of the term “Non-Employee Director” as defined in Rule 16b-3).

(b) **Powers.** Subject to the express provisions of the Plan, the Committee shall have authority, in its discretion, to determine which employees, Consultants, or Directors shall receive an Award, the time or times when such Award shall be made, the type of Award that shall be made, the number of shares to be subject to each Option, Restricted Stock Award, or Bonus Stock Award, and the number of shares to be subject to or the value of each Performance Award or Phantom Stock Award. In making such determinations, the Committee shall take into account the nature of the services rendered by the respective employees, Consultants, or Directors, their present and potential contribution to the Company's success, and such other factors as the Committee in its sole discretion shall deem relevant.

(c) **Additional Powers.** The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, this shall include the power to construe the Plan and the respective agreements executed hereunder, to prescribe rules and regulations relating to the Plan, to determine the terms, restrictions, and provisions of the agreement relating to each Award, including such terms, restrictions, and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any agreement relating to an Award in the manner and to the extent the Committee shall deem expedient to carry the Plan or any such agreement into effect. All determinations and decisions made by the Committee on the matters referred to in this Paragraph IV and in construing the provisions of the Plan shall be conclusive.

(d) **Delegation of Authority by the Committee.** Notwithstanding the preceding provisions of this Paragraph IV or any other provision of the Plan to the contrary, subject to the constraints of applicable law, the Committee may from time to time, in its sole discretion, delegate to the Chief Executive Officer of the Company the administration (or interpretation of any provision) of the Plan, and the right to grant Awards under the Plan, insofar as such administration (and interpretation) and power to grant Awards relates to any person who is not subject to Section 16 of the Exchange Act (including any successor Section to the same or similar effect). Any such delegation may be effective only so long as the Chief Executive Officer of the Company is a Director, and the Committee may revoke such delegation at any time. The Committee may put any conditions and restrictions on the powers that may be exercised by the Chief Executive Officer of the Company upon such delegation as the Committee determines in its sole discretion. In the event of any conflict in a determination or interpretation under the Plan as between the Committee and the Chief Executive Officer of the Company, the determination or interpretation, as applicable, of the Committee shall be conclusive.

V. SHARES SUBJECT TO THE PLAN; AWARD LIMITS; GRANT OF AWARDS

(a) **Shares Subject to the Plan and Award Limits.** Subject to adjustment in the same manner as provided in Paragraph XII with respect to shares of Common Stock subject to Options then outstanding, the aggregate maximum number of shares of Common Stock that may be issued under the Plan, and the aggregate maximum number of shares of Common Stock that may be issued under the Plan through Incentive Stock Options, shall not exceed 18,500,000 shares (inclusive of the shares subject to outstanding awards granted under the Prior Plan and the shares that remain available for issuance under the Prior Plan immediately prior to the effective date of this amendment and restatement). Shares shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses or the rights

of its holder terminate, any shares of Common Stock subject to such Award shall again be available for the grant of an Award under the Plan. In addition, shares issued under the Plan and forfeited back to the Plan, shares surrendered in payment of the exercise price or purchase price of an Award, and shares withheld for payment of applicable employment taxes and/or withholding obligations associated with an Award shall again be available for the grant of an Award under the Plan. Notwithstanding any provision in the Plan to the contrary, (i) the maximum number of shares of Common Stock that may be subject to Awards denominated in shares of Common Stock granted to any one individual during the term of the Plan may not exceed 50% of the aggregate maximum number of shares of Common Stock that may be issued under the Plan (as adjusted from time to time in accordance with the provisions of the Plan) and (ii) the maximum amount of compensation that may be paid under all Performance Awards denominated in cash (including the Fair Market Value of any shares of Common Stock paid in satisfaction of such Performance Awards) granted to any one individual during any calendar year may not exceed \$20,000,000, and any payment due with respect to a Performance Award shall be paid no later than 10 years after the date of grant of such Performance Award. From and after the date upon which the Company becomes a “publicly held corporation” (as defined in Section 162(m) of the Code and applicable interpretative authority thereunder), the limitations set forth in clauses (i) and (ii) of the preceding sentence shall be applied in a manner that will permit Awards that are intended to provide “performance-based” compensation for purposes of Section 162(m) of the Code to satisfy the requirements of such section, including, without limitation, counting against such maximum number of shares, to the extent required under Section 162(m) of the Code and applicable interpretive authority thereunder, any shares subject to Awards granted to employees that are canceled or repriced.

(b) **Grant of Awards** . The Committee may from time to time grant Awards to one or more employees, Consultants, or Directors determined by it to be eligible for participation in the Plan in accordance with the terms of the Plan.

(c) **Stock Offered** . Subject to the limitations set forth in Paragraph V(a), the stock to be offered pursuant to the grant of an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Company. Any of such shares which remain unissued and which are not subject to outstanding Awards at the termination of the Plan shall cease to be subject to the Plan but, until termination of the Plan, the Company shall at all times make available a sufficient number of shares to meet the requirements of the Plan. The shares of the Company’s stock to be issued pursuant to any Award may be represented by physical stock certificates or may be uncertificated. Notwithstanding references in the Plan to certificates, the Company may deliver uncertificated shares of Common Stock in connection with any Award.

VI. ELIGIBILITY

Awards may be granted only to persons who, at the time of grant, are employees, Consultants, or Directors. An Award may be granted on more than one occasion to the same person, and, subject to the limitations set forth in the Plan, such Award may include an Incentive Stock Option, an Option that is not an Incentive Stock Option, a Restricted Stock Award, a Performance Award, a Phantom Stock Award, a Bonus Stock Award, or any combination thereof.

VII. STOCK OPTIONS

(a) **Option Period** . The term of each Option shall be as specified by the Committee at the date of grant, but in no event shall an Option be exercisable after the expiration of 10 years from

the date of grant.

(b) **Limitations on Exercise of Option.** An Option shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(c) **Special Limitations on Incentive Stock Options.** An Incentive Stock Option may be granted only to an individual who is employed by the Company or any parent or subsidiary corporation (as defined in Section 424 of the Code) of the Company at the time the Option is granted. To the extent that the aggregate fair market value (determined at the time the respective Incentive Stock Option is granted) of stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and subsidiary corporations exceeds \$100,000, such Incentive Stock Options shall be treated as Options which do not constitute Incentive Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury regulations, and other administrative pronouncements, which of a Participant's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of Section 422(b)(6) of the Code, unless (i) at the time such Option is granted, the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant. Except as otherwise provided in Sections 421 or 422 of the Code, an Incentive Stock Option shall not be transferable otherwise than by will or the laws of descent and distribution and shall be exercisable during the Participant's lifetime only by such Participant or the Participant's guardian or legal representative.

(d) **Option Agreement.** Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve, including, without limitation, provisions to qualify an Option as an Incentive Stock Option under Section 422 of the Code. Each Option Agreement shall specify the effect of termination of (i) employment, (ii) the consulting or advisory relationship or (iii) membership on the Board, as applicable, or a Change in Control on the exercisability of the Option. An Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Common Stock (plus cash if necessary) having a Fair Market Value equal to such option price. Moreover, an Option Agreement may provide for a "cashless exercise" of the Option by establishing procedures satisfactory to the Committee with respect thereto. Further, an Option Agreement may provide, on such terms and conditions as the Committee in its sole discretion may prescribe, for the grant of a Stock Appreciation Right in connection with the grant of an Option and, in such case, the exercise of the Stock Appreciation Right shall result in the surrender of the right to purchase a number of shares under the Option equal to the number of shares with respect to which the Stock Appreciation Right is exercised (and vice versa). In the case of any Stock Appreciation Right that is granted in connection with an Incentive Stock Option, such right shall be exercisable only when the Fair Market Value of the Common Stock exceeds the exercise price specified therefor in the Option or the portion thereof to be surrendered. The terms and conditions of the respective Option Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Option Agreement from time to time in any manner that is not inconsistent with the

provisions of the Plan (including, without limitation, an amendment that accelerates the time at which the Option, or a portion thereof, may be exercisable).

(e) **Option Price and Payment** . The price at which a share of Common Stock may be purchased upon exercise of an Option shall be determined by the Committee but, subject to adjustment as provided in Paragraph XII, such purchase price shall not be less than the Fair Market Value of a share of Common Stock on the date such Option is granted. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company, as specified by the Committee. The purchase price of the Option or portion thereof shall be paid in full in the manner prescribed by the Committee. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Option that does not constitute an Incentive Stock Option.

(f) **Restrictions on Repricing of Options** . Except as provided in Paragraph XII, the Committee may not, without approval of the stockholders of the Company, amend any outstanding Option Agreement to lower the option price (or cancel and replace any outstanding Option Agreement with Option Agreements having a lower option price).

(g) **Stockholder Rights and Privileges** . The Participant shall be entitled to all the privileges and rights of a stockholder only with respect to such shares of Common Stock as have been purchased under the Option and for which certificates of stock have been registered in the Participant's name.

(h) **Options and Rights in Substitution for Options Granted by Other Employers** . Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for options and such rights held by individuals providing services to corporations or other entities who become employees, Consultants, or Directors as a result of a merger or consolidation or other business transaction with the Company or any Affiliate.

VIII. RESTRICTED STOCK AWARDS

(a) **Forfeiture Restrictions to be Established by the Committee** . Shares of Common Stock that are the subject of a Restricted Stock Award shall be subject to restrictions on disposition by the Participant and an obligation of the Participant to forfeit and surrender the shares to the Company under certain circumstances (the "***Forfeiture Restrictions***"). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse upon (i) the attainment of one or more Performance Measures, (ii) the Participant's continued employment with the Company or its Affiliate or continued service as a Consultant or Director for a specified period of time, (iii) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion (including, without limitation, a Change in Control), or (iv) a combination of any of the foregoing. Each Restricted Stock Award may have different Forfeiture Restrictions, in the discretion of the Committee.

(b) **Other Terms and Conditions** . Unless provided otherwise in a Restricted Stock Agreement, the Participant shall have the right to receive dividends with respect to Common Stock subject to a Restricted Stock Award, to vote Common Stock subject thereto, and to enjoy all other stockholder rights, except that (i) the Participant shall not be entitled to delivery of the stock certificate until the Forfeiture Restrictions have expired, (ii) the Company shall retain custody of

the stock until the Forfeiture Restrictions have expired, (iii) the Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of the stock until the Forfeiture Restrictions have expired, (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award, and (v) with respect to the payment of any dividend with respect to shares of Common Stock subject to a Restricted Stock Award directly to the Participant, each such dividend shall be paid no later than the end of the calendar year in which the dividends are paid to stockholders of such class of shares or, if later, the fifteenth day of the third month following the date the dividends are paid to stockholders of such class of shares. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions, or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the termination of employment or service as a Consultant or Director (by retirement, disability, death, or otherwise) of a Participant prior to expiration of the Forfeitures Restrictions. Such additional terms, conditions, or restrictions shall be set forth in a Restricted Stock Agreement made in conjunction with the Award.

(c) **Payment for Restricted Stock.** The Committee shall determine the amount and form of any payment for Common Stock received pursuant to a Restricted Stock Award, provided that in the absence of such a determination, a Participant shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

(d) **Committee's Discretion to Accelerate Vesting of Restricted Stock Awards.** The Committee may, in its discretion and as of a date determined by the Committee, fully vest any or all Common Stock awarded to a Participant pursuant to a Restricted Stock Award and, upon such vesting, all Forfeiture Restrictions applicable to such Restricted Stock Award shall terminate as of such date. Any action by the Committee pursuant to this Subparagraph may vary among individual Participants and may vary among the Restricted Stock Awards held by any individual Participant. Notwithstanding the preceding provisions of this Subparagraph, except in connection with a Corporate Change or Change in Control, the Committee may not take any action described in this Subparagraph with respect to a Restricted Stock Award that has been granted to a "covered employee" (within the meaning of Treasury regulation Section 1.162-27(c)(2)) if such Award has been designed to meet the exception for performance-based compensation under Section 162(m) of the Code.

(e) **Restricted Stock Agreements.** At the time any Award is made under this Paragraph VIII, the Company and the Participant shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Restricted Stock Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan.

IX. PERFORMANCE AWARDS

(a) **Performance Period.** The Committee shall establish, with respect to and at the time of each Performance Award, the number of shares of Common Stock subject to, or the maximum value of, the Performance Award and the performance period over which the performance applicable to the Performance Award shall be measured.

(b) **Performance Measures.** A Performance Award shall be awarded to a Participant contingent upon future performance of the Company or any Affiliate, division, or department thereof under a Performance Measure during the performance period. From and after the date upon which the Company becomes a “publicly held corporation” (as defined in Section 162(m) of the Code and applicable interpretative authority thereunder), the Committee shall establish the Performance Measures applicable to such performance either (i) prior to the beginning of the performance period or (ii) within 90 days after the beginning of the performance period if the outcome of the performance targets is substantially uncertain at the time such targets are established, but not later than the date that 25% of the performance period has elapsed. The Committee, in its sole discretion, may provide for an adjustable Performance Award value based upon the level of achievement of Performance Measures.

(c) **Awards Criteria.** In determining the value of Performance Awards, the Committee shall take into account a Participant’s responsibility level, performance, potential, other Awards, and such other considerations as it deems appropriate. The Committee, in its sole discretion, may provide for a reduction in the value of a Participant’s Performance Award during the performance period.

(d) **Payment.** Following the end of the performance period, the holder of a Performance Award shall be entitled to receive payment of an amount not exceeding the number of shares of Common Stock subject to, or the maximum value of, the Performance Award, based on the achievement of the Performance Measures for such performance period, as determined and certified in writing by the Committee. Payment of a Performance Award may be made in cash, Common Stock, or a combination thereof, as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. If a Performance Award covering shares of Common Stock is to be paid in cash, such payment shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Performance Award Agreement. A Participant shall not be entitled to the privileges and rights of a stockholder with respect to a Performance Award covering shares of Common Stock until payment has been determined by the Committee and such shares have been delivered to the Participant.

(e) **Termination of Award.** A Performance Award shall terminate if the Participant does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable performance period through the payment date, except as may be determined by the Committee (including, without limitation, a termination of employment or services on or after a Change in Control).

(f) **Performance Award Agreements.** At the time any Award is made under this Paragraph IX, the Company and the Participant shall enter into a Performance Award Agreement setting forth each of the matters contemplated hereby and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Performance Award Agreements need not be identical.

X. PHANTOM STOCK AWARDS

(a) **Phantom Stock Awards.** Phantom Stock Awards are rights to receive shares of Common Stock (or the Fair Market Value thereof), or rights to receive an amount equal to any

appreciation or increase in the Fair Market Value of Common Stock over a specified period of time, which vest over a period of time as established by the Committee, without satisfaction of any performance criteria or objectives. The Committee may, in its discretion, require payment or other conditions of the Participant respecting any Phantom Stock Award. A Phantom Stock Award may include, without limitation, a Stock Appreciation Right that is granted independently of an Option; provided, however, that the exercise price per share of Common Stock subject to the Stock Appreciation Right shall be (i) determined by the Committee but, subject to adjustment as provided in Paragraph XII, such exercise price shall not be less than the Fair Market Value of a share of Common Stock on the date such Stock Appreciation Right is granted, and (ii) subject to the restrictions on repricings described in Paragraph VII(f) in the same manner as applies to Options.

(b) **Award Period.** The Committee shall establish, with respect to and at the time of each Phantom Stock Award, a period over which the Award shall vest with respect to the Participant.

(c) **Awards Criteria.** In determining the value of Phantom Stock Awards, the Committee shall take into account a Participant's responsibility level, performance, potential, other Awards, and such other considerations as it deems appropriate.

(d) **Payment.** Following the end of the vesting period for a Phantom Stock Award (or at such other time as the applicable Phantom Stock Award Agreement may provide), the holder of a Phantom Stock Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Phantom Stock Award, based on the then vested value of the Award. Payment of a Phantom Stock Award may be made in cash, Common Stock, or a combination thereof as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. Any payment to be made in cash shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Phantom Stock Award Agreement. Cash dividend equivalents may be paid during or after the vesting period with respect to a Phantom Stock Award, as determined by the Committee. A Participant shall not be entitled to the privileges and rights of a stockholder with respect to a Phantom Stock Award until the shares of Common Stock have been delivered to the Participant.

(e) **Termination of Award.** A Phantom Stock Award shall terminate if the Participant does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable vesting period, except as may be otherwise determined by the Committee (including, without limitation, a termination of employment or services on or after a Change in Control).

(f) **Phantom Stock Award Agreements.** At the time any Award is made under this Paragraph X, the Company and the Participant shall enter into a Phantom Stock Award Agreement setting forth each of the matters contemplated hereby and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Phantom Stock Award Agreements need not be identical.

XI. BONUS STOCK AWARDS

Each Bonus Stock Award granted to a Participant shall constitute a transfer of unrestricted shares of Common Stock on such terms and conditions as the Committee shall determine. Bonus Stock Awards shall be made in shares of Common Stock and need not be subject to performance

criteria or objectives or to forfeiture. The purchase price, if any, for shares of Common Stock issued in connection with a Bonus Stock Award shall be determined by the Committee in its sole discretion.

XII. RECAPITALIZATION OR REORGANIZATION

(a) **No Effect on Right or Power** . The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's or any Affiliate's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any Affiliate, any sale, lease, exchange, or other disposition of all or any part of its assets or business, or any other corporate act or proceeding.

(b) **Subdivision or Consolidation of Shares; Stock Dividends** . The shares with respect to which Awards may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an Award theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding shares, shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, shall be proportionately reduced, and the purchase price per share shall be proportionately increased. Any fractional share resulting from such adjustment shall be rounded up to the next whole share.

(c) **Recapitalizations and Corporate Changes** . If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a "***recapitalization***"), the number and class of shares of Common Stock or other property covered by an Award theretofore granted and the purchase price of Common Stock or other consideration subject to such Award shall be adjusted so that such Award shall thereafter cover the number and class of shares of stock and securities to which the Participant would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the Participant had been the holder of record of the number of shares of Common Stock then covered by such Award. If (i) the Company shall not be the surviving entity in any merger, consolidation or reorganization (or survives only as a subsidiary of an entity), (ii) the Company sells, leases, or exchanges or agrees to sell, lease, or exchange all or substantially all of its assets to any other person or entity, (iii) the Company is to be dissolved and liquidated, (iv) any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, acquires or gains ownership or control (including, without limitation, the power to vote) of more than 50% of the outstanding shares of the Company's voting stock (based upon voting power), or (v) as a result of or in connection with a contested election of Directors, the persons who were Directors of the Company before such election shall cease to constitute a majority of the Board (each such event is referred to herein as a "***Corporate Change***"), no later than (x) 10 days after the approval by the stockholders of the Company of such merger, consolidation, reorganization, sale, lease, or exchange of assets or dissolution and liquidation or such election of Directors or (y) 30 days after a Corporate Change of the type described in clause (iv), the Committee, acting in its sole discretion without the consent or approval of any Participant, shall effect one or more of the following alternatives in an equitable and appropriate manner to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, which

alternatives may vary among individual Participants and which may vary among Options or Stock Appreciation Rights held by any individual Participant: (1) accelerate the time at which Options or Stock Appreciation Rights then outstanding may be exercised so that such Awards may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all such unexercised Awards and all rights of Participants thereunder shall terminate, (2) require the mandatory surrender to the Company by all or selected Participants of some or all of the outstanding Options or Stock Appreciation Rights held by such Participants (irrespective of whether such Awards are then exercisable under the provisions of the Plan) as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee shall thereupon cancel such Awards and the Company shall pay (or cause to be paid) to each Participant an amount of cash per share equal to the excess, if any, of the amount calculated in Subparagraph (d) below (the “*Change of Control Value*”) of the shares subject to such Awards over the exercise price(s) under such Awards for such shares, or (3) make such adjustments to Options or Stock Appreciation Rights then outstanding as the Committee deems appropriate to reflect such Corporate Change and to prevent the dilution or enlargement of rights (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to such Awards then outstanding), including, without limitation, adjusting such an Award to provide that the number and class of shares of Common Stock covered by such Award shall be adjusted so that such Award shall thereafter cover securities of the surviving or acquiring corporation or other property (including, without limitation, cash) as determined by the Committee in its sole discretion.

(d) **Change of Control Value.** For the purposes of clause (2) in Subparagraph (c) above, the “*Change of Control Value*” shall equal the amount determined in the following clause (i), (ii) or (iii), whichever is applicable: (i) the per share price offered to stockholders of the Company in any such merger, consolidation, reorganization, sale of assets or dissolution and liquidation transaction, (ii) the price per share offered to stockholders of the Company in any tender offer or exchange offer whereby a Corporate Change takes place, or (iii) if such Corporate Change occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which such Options or Stock Appreciation Rights being surrendered are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Awards. In the event that the consideration offered to stockholders of the Company in any transaction described in this Subparagraph (d) or Subparagraph (c) above consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(e) **Other Changes in the Common Stock.** In the event of changes in the outstanding Common Stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges, or other relevant changes in capitalization or distributions (other than ordinary dividends) to the holders of Common Stock occurring after the date of the grant of any Award and not otherwise provided for by this Paragraph XII, such Award and any agreement evidencing such Award shall be subject to adjustment by the Committee at its sole discretion as to the number and price of shares of Common Stock or other consideration subject to such Award in an equitable and appropriate manner to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under such Award. In the event of any such change in the outstanding Common Stock or distribution to the holders of Common Stock, or upon the occurrence of any other event described in this Paragraph XII, the aggregate maximum number of shares available under the Plan, the aggregate maximum number of shares that may be

issued under the Plan through Incentive Stock Options, and the maximum number of shares that may be subject to Awards granted to any one individual shall be appropriately adjusted to the extent, if any, determined by the Committee, whose determination shall be conclusive.

(f) **Stockholder Action**. Any adjustment provided for in the above Subparagraphs shall be subject to any required stockholder action.

(g) **No Adjustments Unless Otherwise Provided**. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

XIII. AMENDMENT AND TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan at any time with respect to any shares of Common Stock for which Awards have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time; provided that no change in the Plan may be made that would materially impair the rights of a Participant with respect to an Award theretofore granted without the consent of the Participant, and provided, further, that the Board may not, without approval of the stockholders of the Company, (a) amend the Plan to increase the aggregate maximum number of shares that may be issued under the Plan, increase the aggregate maximum number of shares that may be issued under the Plan through Incentive Stock Options, or change the class of individuals eligible to receive Awards under the Plan, or (b) amend or delete Paragraph VII(f).

XIV. MISCELLANEOUS

(a) **No Right To An Award**. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give any individual any right to be granted an Award, or any other rights hereunder except as may be evidenced by an Award agreement duly executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of its obligations under any Award.

(b) **No Employment/Membership Rights Conferred**. Nothing contained in the Plan shall (i) confer upon any employee or Consultant any right with respect to continuation of employment or of a consulting or advisory relationship with the Company or any Affiliate or (ii) interfere in any way with the right of the Company or any Affiliate to terminate his or her employment or consulting or advisory relationship at any time. Nothing contained in the Plan shall confer upon any Director any right with respect to continuation of membership on the Board.

(c) **Other Laws; Withholding**. The Company shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933, as amended, and such

other state and federal laws, rules, and regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules, and regulations available for the issuance and sale of such shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations.

(d) **No Restriction on Corporate Action**. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

(e) **Restrictions on Transfer**. An Award (other than an Incentive Stock Option, which shall be subject to the transfer restrictions set forth in Paragraph VII(c)) shall not be transferable otherwise than (i) by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, or (iii) with the consent of the Committee.

(f) **Delayed Payment Restriction**. Notwithstanding any provision in the Plan or an Award agreement to the contrary, if any payment or benefit provided for under an Award would be subject to additional taxes and interest under Section 409A of the Code if the Participant's receipt of such payment or benefit is not delayed in accordance with the requirements of Section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be provided to the Participant (or the Participant's estate, if applicable) until the earlier of (i) the date of the Participant's death or (ii) the date that is six months after the date of the Participant's separation from service with the Company.

(g) **Governing Law**. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

FORUM ENERGY TECHNOLOGIES, INC.

Attested to by the Secretary of Forum Energy Technologies, Inc. as adopted by the Board of Directors of Forum Energy Technologies, Inc. and as approved by the stockholders of Forum Energy Technologies, Inc. effective as of the 12th day of April, 2012.

/s/ James L. McCulloch
James L. McCulloch, Secretary

EXHIBIT A
FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN

Except as otherwise provided in an Award agreement, the definitions set forth in this Exhibit A shall also apply in the case of any provision of the Plan or any Award agreement that includes the term “**Change in Control**.”

Acquiring Person means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) other than the Initial Stockholders.

Change in Control means, as applicable:

(i) Prior to the common stock of the Company becoming Public Stock (including any transaction pursuant to which the common stock of the Company first becomes Public Stock), a “Change in Control” of the Company means, in one transaction or a series of related transactions, (A) a Corporate Transaction or a sale of capital stock of the Company by stockholders of the Company (other than in connection with an Initial Public Offering) with the result immediately after such Corporate Transaction or sale that a single Acquiring Person, together with its affiliates, owns, directly or indirectly, either a greater number of shares of common stock of the Company (calculated on a fully-diluted basis assuming that all shares of capital stock of the Company that are convertible into common stock of the Company at the then applicable conversion ratio are so converted) than the Initial Stockholders then own or, in the context of a Corporate Transaction in which the Company is not the surviving entity, more voting stock generally entitled to elect directors of such surviving entity (or in the case of a triangular merger, of the parent entity of such surviving entity) than the Initial Stockholders then own, or (B) the Company sells, leases or exchanges all or substantially all of its assets to any Acquiring Person or the dissolution or liquidation of the Company other than, in either case, pursuant to a transaction that complies with clause (ii)(c)(1) of this definition.

(ii) After the common stock of the Company becomes Public Stock, a “Change in Control” of the Company means:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either (1) the then outstanding shares of common stock of the Company (the “**Outstanding Company Common Stock**”) or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “**Outstanding Company Voting Securities**”); *provided, however* , that for purposes of this subsection (a) any acquisition by any Acquiring Person pursuant to a transaction which complies with clause (ii)(c)(1) of this definition shall not constitute a Change in Control; or

(b) Individuals, who, immediately following the time when the common stock of the Company becomes Public Stock, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the time when the common stock of the Company becomes Public Stock whose election, or nomination

for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered for purposes of this definition as though such individual was a member of the Incumbent Board, but excluding, for these purposes, any such individual whose initial assumption of office as a director occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an Acquiring Person other than the Board; or

(c) The consummation of a Corporate Transaction unless, following such Corporate Transaction, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Company (if it be the ultimate parent entity following such Corporate Transaction) or the corporation resulting from such Corporate Transaction (or the ultimate parent entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), and (2) at least a majority of the members of the board of directors of the ultimate parent entity resulting from such Corporate Transaction were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction. For purposes of the foregoing sentence, only (A) shares of common stock and voting securities of the Company, assuming the Company is the ultimate parent entity following such Corporate Transaction, held by a beneficial owner immediately prior to such Corporate Transaction and any additional shares of common stock and voting securities of the Company issuable to such beneficial owner in connection with such Corporate Transaction in respect of the shares of common stock and voting securities of the Company held by such beneficial owner immediately prior to such Corporate Transaction, or (B) shares of common stock and voting securities of the ultimate parent entity following such Corporate Transaction, assuming the Company is not the ultimate parent entity following such Corporate Transaction, issuable to a beneficial owner in respect of the shares of common stock and voting securities of the Company held by such beneficial owner immediately prior to such Corporate Transaction, in either case shall be included in determining whether or not the fifty percent (50%) ownership test in this subsection (c) has been satisfied.

Corporate Transaction means a reorganization, merger or consolidation of the Company, any of its subsidiaries or sale, lease or other disposition of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole (other than to an entity wholly owned, directly or indirectly, by the Company) or the liquidation or dissolution of the Company.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Initial Public Offering means the initial underwritten public offering and sale of Common Stock on a firm commitment basis after which the Common Stock is listed for trading on

a national securities exchange registered under Section 6(a) of the Exchange Act.

Initial Stockholders means the stockholders of the Company as of the date of the Stockholders Agreement and their respective affiliates and Persons who are permitted transferees in accordance with Section 2.2 of the Stockholders Agreement.

Person means any natural person, limited liability company, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, and any government or agency or political subdivision thereof.

Public Stock means shares of capital stock (including depositary receipts or depositary shares related to common stock or similar ordinary shares) of any Person that are registered under Section 12 of the Exchange Act and listed for trading on a national securities exchange registered under Section 6(a) of the Exchange Act.

Stockholders Agreement means that certain Stockholders' Agreement dated as of , among the Company and certain of its stockholders, as the same may be amended or restated from time to time.

Forum Energy Technologies, Inc.
Certification

I, C. Christopher Gaut, certify that:

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

Date: August 6, 2012

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

Forum Energy Technologies, Inc.
Certification

I, James W. Harris, certify that:

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

Date: August 6, 2012

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

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ending June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), C. Christopher Gaut, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

Dated: August 6, 2012

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

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

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

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ending June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James W. Harris, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2012

By: /s/ James W. Harris

James W. Harris

Chief Financial Officer

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

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