Table of Contents

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, 2013

OR

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

For the transition period from __________ to __________

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**61-1488595**
(State or other jurisdiction of incorporation or organization)	*(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 ☑ (Do not check if a smaller reporting company)	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 29, 2013, there were 92,412,032 common shares outstanding.

Table of Contents

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, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net sales	$ 367,887	$ 373,512	$ 740,886	$ 737,001
Cost of sales	253,404	250,710	511,597	487,756
Gross profit	114,483	122,802	229,289	249,245
Operating expenses				
Selling, general and administrative expenses	65,654	56,205	131,103	111,059
Contingent consideration expense	—	(4,900)	—	(3,900)
Impairment of intangible assets	—	1,161	—	1,161
Transaction expenses	1,806	442	1,815	797
Loss (gain) on sale of assets and other	(115)	56	20	77
Total operating expenses	67,345	52,964	132,938	109,194
Operating income	47,138	69,838	96,351	140,051
Other expense (income)				
Interest expense	3,111	3,623	6,474	9,409
Foreign exchange (gains) losses and other, net	1,019	335	(448)	366
Total other expense	4,130	3,958	6,026	9,775
Income before income taxes	43,008	65,880	90,325	130,276
Provision for income tax expense	13,068	21,742	28,447	43,627
Net income	29,940	44,138	61,878	86,649
Less: Income attributable to noncontrolling interest	21	17	19	46
Net income attributable to common stockholders	29,919	44,121	61,859	86,603
Weighted average shares outstanding				
Basic	91,032	82,495	89,790	75,248
Diluted	94,606	89,794	94,501	81,990
Earnings per share				
Basic	$ 0.33	$ 0.53	$ 0.69	$ 1.15
Diluted	$ 0.32	$ 0.49	$ 0.65	$ 1.06
Other comprehensive income, net of tax:				
Net income	29,940	44,138	61,878	86,649
Change in foreign currency translation, net of tax of $0	(2,154)	(6,740)	(24,903)	3,767
Comprehensive income	27,786	37,398	36,975	90,416
Less: comprehensive loss (income) attributable to noncontrolling interests	20	28	82	(36)
Comprehensive income attributable to common stockholders	$ 27,806	$ 37,426	$ 37,057	$ 90,380

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, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 199,480	$ 41,063
Accounts receivable—trade, net	245,668	228,947
Inventories	425,085	455,129
Prepaid expenses and other current assets	15,281	12,744
Costs and estimated profits in excess of billings	17,200	6,551
Deferred income taxes, net	31,898	30,443
Total current assets	934,612	774,877
Property and equipment, net of accumulated depreciation	162,594	152,983
Deferred financing costs, net	6,985	8,045
Intangibles	244,519	257,419
Goodwill	684,375	695,799
Other long-term assets	4,135	3,857
Total assets	$ 2,037,220	$ 1,892,980
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	$ 26,338	$ 20,504
Accounts payable—trade	97,481	98,990
Accrued liabilities	86,434	93,701
Contingent consideration liability	—	15,664
Deferred revenue	28,709	33,720
Billings in excess of costs and profits recognized	22,547	17,582
Derivative instruments	115	714
Total current liabilities	261,624	280,875
Long-term debt, net of current portion	504,207	400,201
Deferred income taxes, net	54,357	49,749
Other long-term liabilities	81	—
Total liabilities	820,269	730,825
Commitments and contingencies		
Equity		
Common stock, $0.01 par value, 296,000,000 shares authorized, 92,373,751 and 87,543,173 shares issued	924	875
Additional paid-in capital	808,616	764,635
Treasury stock at cost, 3,397,097 and 3,377,599 shares	(26,464)	(25,933)
Warrants	716	26,394
Retained earnings	457,460	395,601
Accumulated other comprehensive loss	(24,902)	(100)
Total stockholders' equity	1,216,350	1,161,472
Noncontrolling interest in subsidiary	601	683
Total equity	1,216,951	1,162,155
Total liabilities and equity	$ 2,037,220	$ 1,892,980

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

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

(in thousands, except share information)	Six Months Ended June 30, 2013	2012
Cash flows from operating activities		
Net income	$ 61,878	$ 86,649
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	17,191	15,030
Amortization of intangible assets	11,060	10,075
Payment of contingent consideration included in operating activities	—	(7,127)
Share-based compensation expense	8,173	3,161
Change in contingent consideration	—	(3,900)
Deferred income taxes	3,153	1,194
Impairment of intangible assets	—	1,161
Other	907	1,558
Changes in operating assets and liabilities		
Accounts receivable—trade	(20,325)	(24,121)
Inventories	23,905	(77,531)
Prepaid expenses and other current assets	(2,840)	5,798
Accounts payable, deferred revenue and other accrued liabilities	(8,362)	19,581
Billings in excess of costs and estimated profits earned, net	(5,285)	(6,476)
Net cash provided by operating activities	$ 89,455	$ 25,052
Cash flows from investing activities		
Acquisition of businesses, net of cash acquired	(2,611)	(2,839)
Capital expenditures for property and equipment	(30,065)	(25,137)
Proceeds from sale of property and equipment	382	2,678
Net cash used in investing activities	$ (32,294)	$ (25,298)
Cash flows from financing activities		
Borrowings on long-term debt	177,923	78,464
Repayment of long-term debt	(68,083)	(383,797)
Proceeds of IPO, net of offering costs	—	256,880
Proceeds from concurrent private placement	—	50,000
Payment of contingent consideration	(11,435)	(11,100)
Excess tax benefits from stock based compensation	2,791	89
Repurchases of stock	(531)	—
Proceeds from stock issuance	3,314	3,991
Deferred financing costs	(13)	(15)
Net cash provided by (used in) financing activities	$ 103,966	$ (5,488)
Effect of exchange rate changes on cash	(2,710)	(12)
Net increase (decrease) in cash and cash equivalents	158,417	(5,746)
Cash and cash equivalents		
Beginning of period	41,063	20,548
End of period	$ 199,480	$ 14,802
Noncash investing and financing activities		
Payment of contingent consideration via stock	$ 4,075	$ 3,341
Insurance policy financed through notes payable	—	6,348

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

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

1. Organization and basis of presentation

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

Basis of presentation

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

All significant intercompany transactions have been eliminated in consolidation. 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, 2013 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013 or any other interim period.

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

2. Recent accounting pronouncements

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

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

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

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

3. Acquisitions

2013 Acquisitions

Effective July 1, 2013, the Company completed the following three acquisitions for aggregate consideration of approximately $232.0 million:

- Blohm + Voss Oil Tools GmbH and related entities ("B+V"), a manufacturer of pipe handling equipment used on offshore and onshore drilling rigs with locations in Hamburg, Germany and Willis, Texas. B+V will be included in the Drilling & Subsea segment;
- Moffat 2000 Ltd. ("Moffat"), a Newcastle, England based manufacturer of subsea pipeline inspection gauge launching and receiving systems, and subsea connectors. Moffat will be included in the Drilling & Subsea segment; and
- The joint purchase of Global Tubing, LLC ("Global Tubing") with an equal partner, with management retaining a small interest. Global Tubing is a Dayton, Texas based provider of coiled tubing strings and related services. The Company's equity investment will be reported in the Production & Infrastructure segment and will be accounted for using the equity method of accounting.

2012 Acquisitions

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

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

Contingent consideration from 2011 acquisitions

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

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

4. Inventories

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

	June 30, 2013	December 31, 2012
Raw materials and parts	$ 131,510	$ 145,970
Work in process	78,880	86,558
Finished goods	235,615	243,726
Gross inventories	446,005	476,254
Inventory reserve	(20,920)	(21,125)
Inventories	$ 425,085	$ 455,129

5. Goodwill and intangible assets

Goodwill

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

	Drilling & Subsea	Production & Infrastructure	Total
Goodwill Balance at January 1, 2013 net	$ 616,520	$ 79,279	$ 695,799
Purchase accounting adjustment	97	—	97
Impact of non-U.S. local currency translation	(11,254)	(267)	(11,521)
Goodwill Balance at June 30, 2013 net	$ 605,363	$ 79,012	$ 684,375

Intangible assets

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

	June 30, 2013			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	$ 237,536	$ (55,406)	$ 182,130	4-15
Patents and technology	19,703	(5,179)	14,524	5-17
Non-compete agreements	5,793	(4,729)	1,064	3-6
Trade names	39,612	(9,549)	30,063	10-15
Distributor relationships	22,160	(10,652)	11,508	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	$ 330,034	$ (85,515)	$ 244,519	

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

6. Debt

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

	June 30, 2013	December 31, 2012
Senior secured revolving credit facility	$ 241,500	$ 122,480
Term loan	288,750	296,250
Other debt	295	1,975
Total debt	530,545	420,705
Less: current maturities	(26,338)	(20,504)
Long-term debt	$ 504,207	$ 400,201

The Company has a senior secured credit facility ("Credit Facility") with several financial institutions as lenders, which provides for a $600.0 million revolving credit facility with up to $75.0 million available for letters of credit and up to $25.0 million in swingline loans, and a term loan with an outstanding balance of $288.8 million at June 30, 2013. The Credit Facility matures in October 2016. Weighted average interest rates under the Credit Facility (without the effect of hedging) at June 30, 2013 and December 31, 2012 were 2.20% and 2.21%, respectively.

Availability under the Credit Facility was approximately $346.1 million at June 30, 2013. There have been no changes to the financial covenants disclosed in Item 7 of the Annual Report and the Company was in compliance with all financial covenants at June 30, 2013.

Other debt

Other debt consists primarily of upfront annual insurance premiums that have been financed.

7. Income taxes

The Company's effective tax rate for the six months ended June 30, 2013 and 2012 was 31.5% and 33.5%, respectively. The tax provision for the second quarter of 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings outside the United States in jurisdictions subject to lower tax rates. The effective tax rate can vary from period to period depending on the relative mix of U.S. and non-U.S. earnings.

8. Fair value measurements

The Company has interest rate swaps with a total notional amount of $75.0 million that were executed to provide an economic hedge against the interest rate risk exposure. These swaps were not designated for hedge accounting at inception and are recorded at fair value, which is measured using the market approach valuation technique. These swaps have a fixed rate of 1.83% and expire in August 2013. The realized gains and losses are included in interest expense in the condensed consolidated statements of comprehensive income. At June 30, 2013 and December 31, 2012, the fair value of the swap agreements was recorded as a short-term liability of $0.1 million and $0.7 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 earnings levels that the acquired companies were expected to achieve. The fair value was re-measured quarterly until finalized as of December 31, 2012 upon resolution of the 2012 calendar year earnings and the fair values are no longer variable after that time. These amounts were paid out during the quarter ended June 30, 2013. Refer to Note 3, Acquisitions, for further discussion.

At June 30, 2013, the carrying value of the Company's Credit Facility was $530.3 million. Substantially all of the debt incurs interest at a variable interest rate and, therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

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

9. Business segments

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue:				
Drilling & Subsea	$ 209,198	$ 222,651	$ 431,137	$ 435,715
Production & Infrastructure	158,905	151,080	310,115	301,675
Intersegment eliminations	(216)	(219)	(366)	(389)
Total Revenue	$ 367,887	$ 373,512	$ 740,886	$ 737,001
Operating income:				
Drilling & Subsea	$ 32,906	$ 46,382	$ 68,062	$ 92,378
Production & Infrastructure	22,824	24,859	44,198	54,551
Corporate	(6,901)	(4,644)	(14,074)	(8,743)
Total segment operating income	48,829	66,597	98,186	138,186
Contingent consideration expense	—	(4,900)	—	(3,900)
Intangible asset impairment	—	1,161	—	1,161
Transaction expenses	1,806	442	1,815	797
Loss (gain) on sale of assets and other	(115)	56	20	77
Income from operations	$ 47,138	$ 69,838	$ 96,351	$ 140,051

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

	June 30, 2013	December 31, 2012
Assets		
Drilling & Subsea	$ 1,420,287	$ 1,413,944
Production & Infrastructure	425,212	435,496
Corporate	191,721	43,540
Total assets	$ 2,037,220	$ 1,892,980

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,	
	2013	2012	2013	2012
Net Income attributable to common stockholders	$ 29,919	$ 44,121	$ 61,859	$ 86,603
Average shares outstanding (basic)	91,032	82,495	89,790	75,248
Common stock equivalents	3,574	7,299	4,711	6,742
Diluted shares	94,606	89,794	94,501	81,990
Earnings per share				
Basic earnings per share	$ 0.33	$ 0.53	$ 0.69	$ 1.15
Diluted earnings per share	$ 0.32	$ 0.49	$ 0.65	$ 1.06

The diluted earnings per share calculation excludes approximately 0.3 million and 1.2 million stock options for the three months ended June 30, 2013 and 2012, respectively, and 0.2 million and 0.8 million stock options for the six months ended June 30, 2013 and 2012, respectively, because they were anti-dilutive as the option exercise price was greater than the average market price of the common stock.

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 considered to be probable and can be reasonably estimated. The reserves accrued at June 30, 2013 and 2012, respectively, are immaterial. In the opinion of management, the Company's ultimate liability, if any, with respect to these actions is not expected to have a material adverse effect on the Company’s financial position, results of operations or cash flows.

12. Stockholders' equity

Warrants

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

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

Share-based compensation

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

13. Related party transactions

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

The Company purchased inventory, services and fixed assets from an affiliate of a director in amounts totaling $3.5 million and $2.4 million during the six months ended June 30, 2013 and 2012, respectively. The Company sold $0.6 million and $1.0 million of equipment and services to an affiliate of a director during the six months ended June 30, 2013 and 2012, respectively.

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements may include statements about:

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

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can *give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 5, 2013 and elsewhere in this Quarterly Report on Form 10-Q. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.*

Overview

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

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

We operate in two business segments:

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

Market Conditions

The demand for our products and services is ultimately driven by energy prices and the expectation of exploration and production companies 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. The level of demand for our products and services is directly related to the capital budgets of our customers, which in turn are influenced heavily by the outlook for energy prices.

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

	Three months ended		
	June 30, 2013	March 31, 2013	June 30, 2012
Average global oil, $/bbl			
West Texas Intermediate	$ 94.14	$ 94.30	$ 93.30
United Kingdom Brent	$ 103.43	$ 111.36	$ 109.29
Average North American Natural Gas, $/Mcf			
Henry Hub	$ 4.02	$ 3.48	$ 2.28

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

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

	Three months ended		
	June 30, 2013	March 31, 2013	June 30, 2012
Active Rigs by Location			
United States	1,761	1,758	1,970
Canada	152	531	177
International	1,306	1,274	1,229
Global Active Rigs	**3,219**	**3,563**	**3,376**
Land vs. Offshore Rigs			
Land	2,834	3,194	3,020
Offshore	385	369	356
Global Active Rigs	**3,219**	**3,563**	**3,376**
U.S. Commodity Target			
Oil/Gas	1,396	1,330	1,373
Gas	359	424	593
Unclassified	6	4	4
Total U.S. Rigs	**1,761**	**1,758**	**1,970**
U.S. Well Path			
Horizontal	1,098	1,126	1,169
Vertical	450	440	572
Directional	213	192	229
Total U.S. Active Rigs	**1,761**	**1,758**	**1,970**

The average U.S. rig count remained relatively flat from the first quarter 2013. As a result, demand for both consumable and capital products for drilling rigs and our flow equipment products are experiencing a slow recovery.

However, we have continued to see strong demand in our Production Equipment and Downhole Technologies product lines, both of which are driven by the number of well completions.

Results of operations

We have grown our business both organically and through strategic acquisitions, including four acquisitions in the fourth quarter 2012. For additional information about these acquisitions, see Note 3 to the condensed consolidated financial statements in Item 1 of Part I of this quarterly report. For this reason, our results of operations for the 2013 period presented may not be comparable to historical results of operations for the 2012 period.

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

	Three Months Ended June 30,		Favorable / (Unfavorable)	
	2013	2012	$	%
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Subsea	$ 209,198	$ 222,651	$ (13,453)	(6.0)%
Production & Infrastructure	158,905	151,080	7,825	5.2 %
Eliminations	(216)	(219)	3	1.4 %
Total revenue	$ 367,887	$ 373,512	$ (5,625)	(1.5)%
Operating income:				
Drilling & Subsea	$ 32,906	$ 46,382	$ (13,476)	(29.1)%
Operating income margin %	*15.7%*	*20.8%*		
Production & Infrastructure	22,824	24,859	(2,035)	(8.2)%
Operating income margin %	*14.4%*	*16.5%*		
Corporate	(6,901)	(4,644)	(2,257)	(48.6)%
Total segment operating income	$ 48,829	$ 66,597	$ (17,768)	(26.7)%
Operating income margin %	*13.3%*	*17.8%*		
Contingent consideration expense	—	(4,900)	(4,900)	100.0 %
Impairment of intangible assets	—	1,161	1,161	100.0 %
Transaction expenses	1,806	442	(1,364)	(308.6)%
Loss (gain) on sale of assets and other	(115)	56	171	*
Income from operations	47,138	69,838	(22,700)	(32.5)%
Interest expense, net	3,111	3,623	512	14.1 %
Foreign exchange (gains) losses and other, net	1,019	335	(684)	*
Other (income) expense, net	4,130	3,958	(172)	(4.3)%
Income before income taxes	43,008	65,880	(22,872)	(34.7)%
Income tax expense	13,068	21,742	8,674	39.9 %
Net income	29,940	44,138	(14,198)	(32.2)%
Less: Income attributable to non-controlling interest	21	17	4	*
Income attributable to common stockholders	$ 29,919	$ 44,121	$ (14,202)	(32.2)%
Weighted average shares outstanding				
Basic	91,032	82,495		
Diluted	94,606	89,794		
Earnings per share				
Basic	$ 0.33	$ 0.53		
Diluted	$ 0.32	$ 0.49		

** not meaningful*

Revenue

Our revenue for the three months ended June 30, 2013 decreased $5.6 million, or 1.5%, to $367.9 million compared to the three months ended June 30, 2012. For the three months ended June 30, 2013, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 56.9% and 43.1% of our total revenue, respectively, which compared to 59.6% and 40.4% of total revenue, respectively, for the three months ended June 30, 2012. The changes in revenue by operating segment consisted of the following:

Drilling & Subsea segment — Revenue decreased $13.5 million, or 6.0%, to $209.2 million during the three months ended June 30, 2013 compared to the three months ended June 30, 2012. The decrease in revenue year-over-year occurred in the Drilling Technologies product line, attributable primarily to the 11% decline in North America rig activity. While we have seen orders for drilling equipment increase sequentially the last two quarters, up 17% in the second quarter 2013 over the first quarter 2013, the higher orders are attributable to shipments destined outside North America with longer lead times, which did not result in revenue recognized in the second quarter 2013. The revenue in the three months ended June 30, 2013 included amounts from the ongoing activity of the four acquisitions that occurred in the fourth quarter of 2012.

Production & Infrastructure segment — Revenue increased $7.8 million, or 5.2%, to $158.9 million during the three months ended June 30, 2013 compared to the three months ended June 30, 2012. During the second quarter of 2013, shipments in our Production Equipment and Valve Solutions product lines increased $19.7 million compared to the same period in the prior year as we continue to add new customers and invest in increasing production capacity to meet strong market demand. Partially offsetting these increases, our Flow Equipment product line experienced a decrease in revenue. While our level of orders from our Flow Equipment customers have remained relatively flat over the last three quarters, the orders are at significantly lower levels compared to the 2012 period.

Segment operating income and segment operating margin percentage

Segment operating income for the three months ended June 30, 2013 decreased $17.8 million, or 26.7%, to $48.8 million compared to the three months ended June 30, 2012. The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the three months ended June 30, 2013, the segment operating margin percentage of 13.3% represents a decline of 450 basis points from the 17.8% operating margin percentage for three months ended June 30, 2012. The decline in operating margin percentage in each segment was derived as follows:

Drilling & Subsea segment — The operating margin percentage decreased 510 basis points to 15.7% for the three months ended June 30, 2013, from 20.8% for the three months ended June 30, 2012. The decline in operating margin percentage is primarily attributable to deteriorating operating leverage in the Drilling Technologies product line, coupled with a disproportionate reduction in shipments of higher margin capital equipment in the second quarter 2013. The reduced operating leverage is a result of lower activity levels, which generally result in lower margins due to certain fixed costs. We have continued to carry a higher cost base in the Drilling Technologies product line in anticipation of improved North American rig activity that has not occurred. Contributing to the lower operating margin percentage, the Downhole Technologies product line has likewise experienced a shift in demand towards lower margin, international projects.

Production & Infrastructure segment — Operating margin percentage declined 210 basis points to 14.4% for the three months ended June 30, 2013, from 16.5% for the three months ended June 30, 2012. The declines in operating margin percentage in the Production & Infrastructure segment are attributable primarily to lower margins in the Flow Equipment product line, where we continue to experience lower margins on significantly lower activity levels. Furthermore, the Flow Equipment product line experienced increased pricing pressure due to excess inventory in the overall market. Low margins in the Flow Equipment product line were partially offset by improved operating margin percentages in our Production Equipment product line on higher volumes and enhanced automation of production processes.

Corporate — Selling, general and administrative expenses for Corporate increased by $2.3 million, or 48.6%, for the three months ended June 30, 2013 compared to the three months ended June 30, 2012, due to higher personnel costs and various professional fees primarily associated with being a publicly traded company and complying with applicable regulations. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, human resources and information technology; professional fees for external legal, accounting and related services; and marketing costs.

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. The contingent consideration credit recorded during the three months ended June 30, 2012 was related to two 2011 acquisitions in the Flow Equipment product line for which part of the purchase price was payable in cash and/or shares of our common stock based on the earnings of the acquired entities through the end of 2012. The change in the amount of the accrual was recorded as part of operating income, and the reduction in the estimated amount of this obligation at the time resulted in an increase to operating income of $4.9 million for the three months ended June 30, 2012. Transaction expenses relate to legal and other advisory costs incurred in acquiring businesses and are not considered to be part of segment operating income. These costs were $1.8 million for the three months ended June 30, 2013, primarily attributable to three acquisitions closed effective July 1, 2013, and $0.4 million for the three months ended June 30, 2012, respectively. Refer to Note 3, Acquisitions, for further information.

Interest expense

We incurred $3.1 million of interest expense during the three months ended June 30, 2013, a decrease of $0.5 million from the three months ended June 30, 2012. The decrease in interest expense was attributable to a lower debt level as we repaid a portion of our debt from operating cash flow and from the net proceeds of our initial public offering and concurrent private placement during the second quarter 2012, partially offset by an increase in debt incurred to finance the four acquisitions completed in the fourth 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 30.4% and 33.0% for the three months ended June 30, 2013 and 2012, respectively. The tax provision for the three months ended June 30, 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings being derived in jurisdictions outside the U.S. subject to lower tax rates.

Six months ended June 30, 2013 compared with six months ended June 30, 2012

	Six Months Ended June 30,		Favorable / (Unfavorable)	
	2013	2012	$	%
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Subsea	$ 431,137	$ 435,715	$ (4,578)	(1.1)%
Production & Infrastructure	310,115	301,675	8,440	2.8 %
Eliminations	(366)	(389)	23	5.9 %
Total revenue	$ 740,886	$ 737,001	$ 3,885	0.5 %
Operating income:				
Drilling & Subsea	$ 68,062	$ 92,378	$ (24,316)	(26.3)%
Operating income margin %	*15.8%*	*21.2%*		
Production & Infrastructure	44,198	54,551	(10,353)	(19.0)%
Operating income margin %	*14.3%*	*18.1%*		
Corporate	(14,074)	(8,743)	(5,331)	(61.0)%
Total segment operating income	$ 98,186	$ 138,186	$ (40,000)	(28.9)%
Operating income margin %	*13.3%*	*18.7%*		
Contingent consideration expense	—	(3,900)	(3,900)	100.0 %
Impairment of intangible assets	—	1,161	1,161	100.0 %
Transaction expenses	1,815	797	(1,018)	(127.7)%
Loss (gain) on sale of assets and other	20	77	57	74.0 %
Income from operations	96,351	140,051	(43,700)	(31.2)%
Interest expense, net	6,474	9,409	2,935	31.2 %
Foreign exchange (gains) losses and other, net	(448)	366	814	*
Other (income) expense, net	6,026	9,775	3,749	38.4 %
Income before income taxes	90,325	130,276	(39,951)	(30.7)%
Income tax expense	28,447	43,627	15,180	34.8 %
Net income	61,878	86,649	(24,771)	(28.6)%
Less: Income attributable to non-controlling interest	19	46	(27)	*
Income attributable to common stockholders	$ 61,859	$ 86,603	$ (24,744)	(28.6)%
Weighted average shares outstanding				
Basic	89,790	75,248		
Diluted	94,501	81,990		
Earnings per share				
Basic	$ 0.69	$ 1.15		
Diluted	$ 0.65	$ 1.06		

** not meaningful*

Revenue

Our revenue for the six months ended June 30, 2013 increased $3.9 million, or 0.5%, to $740.9 million compared to the six months ended June 30, 2012. For the six months ended June 30, 2013, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 58.2% and 41.8% of our total revenue, respectively, which was consistent with the six months ended June 30, 2012. The revenue increase by operating segment consisted of the following:

Drilling & Subsea segment — Revenue decreased $4.6 million, or 1.1%, to $431.1 million during the six months ended June 30, 2013 compared to the six months ended June 30, 2012. This decrease was attributable to the reduced shipments for the Drilling Technologies product line, which resulted from the decline in the North America rig activity . The revenue in the six months ended June 30, 2013 included amounts from the ongoing activity of the four acquisitions that occurred in the fourth quarter of 2012.

Production & Infrastructure segment — Revenue increased $8.4 million, or 2.8%, to $310.1 million during the six months ended June 30, 2013 compared to the six months ended June 30, 2012. During the first six months of 2013, shipments in our Production Equipment and Valve Solutions product lines increased $39.9 million compared to the same period in the prior year, as we continue add new customers for our Production Equipment product line and invest in increasing production capacity to meet strong market demand. Partially offsetting these increases, our Flow Equipment product line experienced a decrease in revenue as orders from our customers remain at significantly lower levels compared to the 2012 period.

Segment operating income and segment operating margin percentage

Segment operating income for the six months ended June 30, 2013 decreased $40.0 million, or 28.9%, to $98.2 million compared to the six months ended June 30, 2012.The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the six months ended June 30, 2013, the segment operating margin percentage of 13.3% represents a decline of 540 basis points from the 18.7% operating margin percentage for six months ended June 30, 2012. The decline in operating margin percentage in each segment was derived as follows:

Drilling & Subsea segment — The operating margin percentage decreased 540 basis points to 15.8% for the six months ended June 30, 2013, from 21.2% for the six months ended June 30, 2012.The decline in operating margin percentage is primarily attributable to deteriorating operating leverage in the Drilling Technologies product line, coupled with a disproportionate reduction in shipments of higher margin capital equipment in the first six months of 2013. The reduced operating leverage is a result of lower activity levels, which generally result in lower margins due to certain fixed costs. We have continued to carry a higher cost base in the Drilling Technologies product line in anticipation of improved North American rig activity that has not occurred. Contributing to the lower operating margin percentage, the Downhole Technologies product line has likewise experienced a shift in demand towards lower margin international projects.

Production & Infrastructure segment — Operating margin percentage declined 380 basis points to 14.3% for the six months ended June 30, 2013, from 18.1% for the six months ended June 30, 2012. The declines in operating margin percentage in the Production & Infrastructure segment are attributable to lower margins in the Flow Equipment product line, where we continue to experience lower margins on significantly lower activity levels, and we have experienced increased pricing pressure due to excess inventory in the overall market. Low margins in the Flow Equipment product line were partially offset by improved operating margin percentages in our Production Equipment product line on higher volumes and enhanced automation of production processes.

Corporate — Selling, general and administrative expenses for Corporate increased by $5.3 million, or 61.0%, for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to higher personnel costs and various professional fees primarily associated with being a publicly traded company and complying with applicable regulations as more than half of the prior period was before our initial public offering. Corporate costs included, among other items, payroll related costs for general management and management of finance and administration, legal, human resources and information technology; professional fees for external legal, accounting and related services; and marketing costs.

Other items

Several items are not included in segment operating income, but are included in total operating income. These items include: contingent consideration, transaction expenses and gains/losses from the sale of assets. The contingent consideration credit recorded during the six months ended June 30, 2012 was related to two acquisitions in 2011 in the Flow Equipment product line in which part of the purchase price was payable in cash and/or shares of the our common stock based on the earnings of the acquired entities through the end of 2012. The change in the amount of the accrual was recorded as part of operating income, and the reduction in estimated amount of this obligation at the time resulted in an increase to operating income of $3.9 million for the six months ended June 30, 2012. Transaction expenses relate to legal and other advisory costs incurred in acquiring businesses and are not considered to be part of segment operating income. These costs were $1.8 million for the six months ended June 30, 2013, primarily attributable to three acquisitions closed effective July 1, 2013, and $0.8 million for the six months ended June 30, 2012. Refer to Note 3, Acquisitions, for further information.

Interest expense

We incurred $6.5 million of interest expense during the six months ended June 30, 2013, a decrease of $2.9 million from the six months ended June 30, 2012. The decrease in interest expense was attributable to a lower debt level as we repaid a portion of our debt from operating cash flows and from the net proceeds of our initial public offering and concurrent private placement during the second quarter 2012, partially offset by an increase in debt incurred to finance the four acquisitions completed in the fourth 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 31.5% and 33.5% for the six months ended June 30, 2013 and 2012, respectively. The tax provision for the six months ended June 30, 2013 is lower than the comparable period in 2012 primarily due to a higher proportion of our earnings outside the United States in jurisdictions subject to lower tax rates.

Liquidity and capital resources

Sources and uses of liquidity

At June 30, 2013, we had cash and cash equivalents of $199.5 million and total debt of $530.5 million. The increase in cash resulted from draws on our senior secured credit facility (the "Credit Facility") in anticipation of closing and funding three acquisitions on July 1, 2013. We believe that cash on hand, cash generated from operations and amounts available under our Credit Facility will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations for the foreseeable future.

Our total 2013 capital expenditure budget is approximately $64.0 million, which consists of, among other items, investments in constructing or expanding certain manufacturing facilities, purchases of machinery and equipment, expansion of our rental fleet of subsea equipment, and general maintenance capital expenditures of approximately $25.0 million. This budget does not include possible expenditures for future business acquisitions.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. We expanded and diversified our product portfolio with the acquisition of four businesses in 2012 for total consideration (net of cash acquired) of approximately $139.5 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 may require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Subsequent to June 30, 2013, we completed three acquisitions for aggregate consideration of approximately $232.0 million, each of which were financed with cash on hand and borrowings under the Credit Facility. The three acquisitions included the following:

- Blohm + Voss Oil Tools GmbH and related entities ("B+V"), a manufacturer of pipe handling equipment used on offshore and onshore drilling rigs with locations in Hamburg, Germany and Willis, Texas. B+V will be included in the Drilling & Subsea segment;
- Moffat 2000 Ltd. ("Moffat"), a Newcastle, England based manufacturer of subsea pipeline inspection gauge launching and receiving systems, and subsea connectors. Moffat will be included in the Drilling & Subsea segment; and
- The joint purchase of Global Tubing, LLC ("Global Tubing") with an equal partner, with management retaining a small interest. Global Tubing is a Dayton, Texas based provider of coiled tubing strings and related services. The Company's equity investment will be reported in the Production & Infrastructure segment and will be accounted for using the equity method of accounting.

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

	Six Months Ended June 30,	
	2013	2012
Net cash provided by operating activities	$ 89.5	$ 25.1
Net cash used in investing activities	(32.3)	(25.3)
Net cash provided by (used in) financing activities	104.0	(5.5)
Net increase (decrease) in cash and cash equivalents	$ 158.4	$ (5.7)

Cash flows provided by operating activities

Net cash provided by operating activities was $89.5 million and $25.1 million for the six months ended June 30, 2013 and 2012, respectively. While net income decreased to $61.9 million for the six months ended June 30, 2013 from $86.6 million for the six months ended June 30, 2012, cash provided by operations increased as a result of lower incremental investments in working capital, primarily inventory, as compared to the prior year.

Cash flows used in investing activities

Net cash used in investing activities was $32.3 million and $25.3 million for the six months ended June 30, 2013 and 2012, respectively, a $7.0 million increase. The increase was attributable to a higher investment in property and equipment of $30.1 million during the six months ended June 30, 2013 compared to an investment of $25.1 million during the six months ended June 30, 2012. Additionally, net proceeds from sale of property and equipment of $0.4 million during the six months ended June 30, 2013 was $2.3 million lower than the net proceeds of $2.7 million in the six months ended June 30, 2012.

Cash flows provided by (used in) financing activities

Net cash provided by financing activities was $104.0 million for the six months ended June 30, 2013 and consisted primarily of net borrowings of long-term debt of $109.8 million. 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 initial public offering and concurrent private placement, which were used to pay down a portion of the outstanding borrowings under the revolving portion of our Credit Facility, and (2) payment of contingent consideration.

Credit Facility

Our Credit Facility provides for a $600.0 million revolving credit facility, with up to $75.0 million available for letters of credit and up to $25.0 million in swingline loans, and a term loan with an outstanding balance of $288.8 million at June 30, 2013. Our Credit Facility had an outstanding balance of $241.5 million at June 30, 2013 and matures in October 2016. Weighted average interest rates under our Credit Facility (without the effect of hedging) at June 30, 2013 and December 31, 2012 were 2.20% and 2.21%, respectively.

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

Availability under the Credit Facility, giving effect to the financial covenants provided therein, was approximately $346.1 million at June 30, 2013. There have been no changes to the financial covenants disclosed in Item 7 of our 2012 Annual Report on Form 10-K and we were in compliance with all financial covenants at June 30, 2013 and December 31, 2012.

Off-balance sheet arrangements

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

Contractual obligations

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

Critical accounting policies and estimates

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

Recent accounting pronouncements

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

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

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

Item 3. Quantitative and qualitative disclosures about market risk

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 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 Item 1A of our Annual Report.

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

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

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plan or programs	Maximum number of shares that may yet be purchased under the plan or program (b)
April 1, 2013 - April 30, 2013	19,498	$ 27.23	—	—
May 1, 2013 - May 31, 2013	—	$ —	—	—
June 1, 2013 - June 30, 2013	—	$ —	—	—
Total	19,498	$ 27.23	—	—

(a) All of the 19,498 shares purchased during the three months ended June 30, 2013 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants. These shares were not part of a publicly announced program to purchase common shares.

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

Item 6. Exhibits

Exhibit Number		DESCRIPTION
10.1*	—	Employee Stock Purchase Plan
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.

* Filed herewith.

** Furnished herewith.

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

SIGNATURES

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

FORUM ENERGY TECHNOLOGIES, INC.

Date:	August 2, 2013	By:	/s/ James W. Harris
			James W. Harris Senior Vice President and Chief Financial Officer (As Duly Authorized Officer and Principal Financial Officer)
		By:	/s/ Tylar K. Schmitt
			Tylar K. Schmitt Vice President and Corporate Controller (As Duly Authorized Officer and Principal Accounting Officer)

Exhibit 10.1

FORUM ENERGY TECHNOLOGIES, INC.
EMPLOYEE STOCK PURCHASE PLAN
(Effective as of July 1, 2013)

FORUM ENERGY TECHNOLOGIES, INC.
EMPLOYEE STOCK PURCHASE PLAN
(As effective July 1, 2013)

SECTION 1
PURPOSE

The purpose of the Forum Energy Technologies, Inc. Employee Stock Purchase Plan is to provide eligible Employees of the Company and its Designated Subsidiaries with an opportunity to acquire a proprietary interest in the Company's long -term performance and success through the purchase of shares of Common Stock at a favorable price with funds accumulated through payroll deductions.

It is intended that this Plan shall constitute an "employee stock purchase plan" within the meaning of Section 423 of the Code.

SECTION 2
DEFINITIONS

As used in the Plan, the following terms, when capitalized, have the following meanings:

(a) *"Board"* means the Company's Board of Directors.

(b) "*Business Day"* means a day that the New York Stock Exchange, or any other exchange on which the Company's Common Stock is traded, is open.

(c) *"Code"* means the Internal Revenue Code of 1986, as amended.

(d) *"Committee"* means the committee described in Section 11.

(e) *"Common Stock"* means the common stock of the Company, $.01 par value per share, or any stock into which that common stock may be converted.

(f) *"Company"* means Forum Energy Technologies, Inc., a Delaware corporation, and any successor corporation.

(g) *"Compensation"* means the income an Employee receives that is included in the Employee's Form W -2 compensation actually paid during the Plan Year, together with the Employee's pre-tax contributions under the Forum Energy Technologies, Inc. 401(k) Plan for the Plan Year; provided, however, that any amount which would otherwise be considered Compensation but which is received by an Employee under the following circumstances will not be considered Compensation: (1) any amount intended as reimbursement for moving expenses; (2) any amount intended as reimbursement for car expenses; (3) any amount paid after termination of employment which is attributable to severance pay and unused sick days and vacation days; (4) any amount received as non -cash fringe benefits or allowances; (5) foreign assignment related allowances such as housing, cost of living, and educational allowances; (6) amounts realized (i) from the exercise of a nonstatutory option (which is an option other than a statutory option as defined in Treasury Regulation Section 1.421-1(b)), or when restricted stock or other property held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture, (ii) from the sale, exchange, or other disposition of stock acquired under a statutory stock option, or (iii) as a result of any other grant, purchase, or settlement or disposition of stock -based compensation, whether under the Company's stock incentive plan or otherwise; and (7) amounts deferred under a nonqualified deferred -compensation plan or arrangement.

(h) *"Contributions"* means all amounts contributed by a Participant to the Plan in accordance with Section 5.

(i) *"Corporate Transaction"* means (i) any stock dividend, stock split, combination or exchange of shares, recapitalization or other change in the capital structure of the Company, (ii) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets (other than a normal cash dividend), issuance of rights or warrants to purchase securities or (iii) any other corporate transaction or event having an effect similar to any of the foregoing.

(j) *"Custodian"* means Bank of America Merrill Lynch.

(k) *"Designated Subsidiary"* means a Subsidiary that has been designated by the Board or the Committee as eligible to participate in the Plan as to its eligible Employees.

(l) *"Disability"* means any physical or mental condition for which the Participant would be eligible to receive long -term disability benefits under the Company's or a Designated Subsidiary's long-term disability plan. With respect to any Participant residing outside of the United States, the Committee may revise the definition of "Disability" as appropriate to conform to the laws of the applicable non-U.S. jurisdiction.

(m) *"Effective Date"* means July 1, 2013, subject to approval by the stockholders of the Company.

(n) *"Employee"* means any person who performs services for, and who is classified as an employee on the payroll records of the Company or a Designated Subsidiary.

(o) *"Enrollment Date"* means the date prior to each Purchase Period designated by the Committee as the last day for submission of enrollment and contribution elections.

(p) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

(q) *"Fair Market Value"* of a share of Common Stock 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.

(r) *"Insider"* means (i) any officer of the Company or a Designated Subsidiary who is subject to the reporting requirements of Section 16 of the Exchange Act and (ii) unless the Committee determines otherwise, any individual that the General Counsel of the Company designates as subject to the Company's insider trading or blackout policies, as they may be in place from time to time.

(s) *"Offering Date"* means the first Business Day of each Purchase Period.

(t) *"Participant"* means a participant in the Plan as described in Section 4.

(u) *"Payroll Deduction Account"* means the bookkeeping account established for a Participant in accordance with Section 5.

(v) *"Plan"* means the Forum Energy Technologies, Inc. Employee Stock Purchase Plan, as set forth herein, and as amended from time to time.

(w) *"Plan Year"* means the 12-month period ending on December 31 of each year.

(x) *"Purchase Date"* means the last Business Day of each Purchase Period or such other date as required by administrative operational requirements.

(y) *"Purchase Period"* means a period of six months commencing on January 1 and July 1 of each Plan Year. The initial Purchase Period after the Effective Date shall be set by the Committee and may be, in the Committee's discretion, for a period of less than six months.

(z) *"Purchase Price"* means an amount equal to 85% to 100% of the Fair Market Value of a Share on one of the following dates: (i) the Offering Date, (ii) the Purchase Date or (iii) the Offering Date or the Purchase Date, whichever is lower, as the Committee in its sole discretion shall determine and communicate to the Participants.

(aa) *"Retirement"* means, with respect to a Participant, the Participant's termination of employment with the Company or a Designated Subsidiary after attaining age 65. Notwithstanding the foregoing, with respect to a Participant residing outside the United States, the Committee may revise the definition of "Retirement" as appropriate to conform to the laws of the applicable non -U.S. jurisdiction.

(bb) *"Share"* means a share of Common Stock, as adjusted in accordance with Section 13.

(cc) *"Subsidiary"* means a domestic or foreign corporation of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary. The definition of Subsidiary should be interpreted so as to include any entity that would be treated as a "subsidiary corporation" under Code Section 424(f).

SECTION 3
ELIGIBILITY

(a) *Eligible Employees*. Any person who is an Employee as of the Enrollment Date immediately preceding an Offering Date in a given Purchase Period will be eligible to participate in the Plan for that Purchase Period, subject to the requirements of Section 4 and the limitations imposed by Code Section 423(b). Notwithstanding the foregoing, the Committee may, on a prospective basis, (i) exclude from participation in the Plan any or all Employees whose customary employment is 20 hours per week or less or is not for more than five months in a calendar year, and (ii) impose an eligibility service requirement of up to two years of employment. The Committee may also determine that a designated group of highly compensated employees (within the meaning of Code Section 414(q)) are ineligible to participate in the Plan.

(b) *Five Percent Shareholders.* Notwithstanding any other provision of the Plan, no Employee will be eligible to participate in the Plan if the Employee (or any other person whose stock would be attributed to the Employee pursuant to Code Section 424(d)) owns an amount of capital stock of the Company and/or holds outstanding options to purchase stock which equals or exceeds five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or a Designated Subsidiary.

SECTION 4
PARTICIPATION

An Employee may elect to become a Participant in the Plan on the Offering Date following the date he first meets the eligibility requirements of Section 3, by completing such enrollment documents as are provided by the Committee or its designee, including where applicable a payroll deduction authorization form, and submitting them to the Committee or its designee in accordance with the administrative requirements and any limitations established by the Committee. The enrollment documents will set forth the amount of the Participant's Contributions, which may be established as a percentage of the Participant's Compensation or a specific dollar amount; *provided, however,* in no event shall a Participant's Contributions for a given payroll exceed thirty percent (30%) of the Participant's Compensation (or such other dollar amount or percentage limits as the Committee may establish from time to time before an Offering Date). Contributions to the Plan may be also subject to such other limits designated by the Committee, including any minimum Contribution amount or percentage.

The Plan is a discretionary plan. Participation by any Employee is purely voluntary. Participation in the Plan with respect to any Purchase Period shall not entitle any Participant to participate with respect to any other Purchase Period.

SECTION 5
CONTRIBUTIONS

(a) *Payroll Deductions.* A Participant's Contributions will begin on the first payroll paid following the Offering Date and will end on the last payroll paid on or before the Purchase Date of the Purchase Period, unless the Participant elects to withdraw from or suspend participation in the

Plan as provided in Section 9. A Participant's enrollment documents will remain in effect for successive Purchase Periods unless the Participant elects to withdraw from or suspend participation in the Plan as provided in Section 9 or timely submits new enrollment documents to change the rate of payroll deductions for a subsequent Purchase Period in accordance with rules established by the Committee.

(b) *Payroll Deduction Account.* For each payroll for which the Participant has elected to make Contributions to the Plan by means of payroll deduction or otherwise (as approved by the Committee), the Committee will credit the amount of each Participant's Contributions to the Participant's Payroll Deduction Account. A Participant may not make any additional payments to the Participant's Payroll Deduction Account, except as expressly provided in the Plan or as authorized by the Committee.

(c) *No Changes to Payroll Deductions*. A Participant may suspend or discontinue his participation in the Plan as provided in Section 9, but may not make any other change during a Purchase Period and, specifically, a Participant may not alter the amount of his payroll deductions for that Purchase Period.

(d) *Continued Contributions and Participation*. So long as a Participant remains an Employee of the Company or a Designated Subsidiary, Contributions shall continue in effect from Purchase Period to Purchase Period, unless: (i) by the Enrollment Date prior to the first day of the next succeeding Purchase Period the Participant elects a different Contribution in accordance with procedures established by the Committee; or (ii) the Participant withdraws from the Plan in accordance with Section 9 or terminates employment in accordance with Section 10 hereof.

(e) *No Interest*. No interest or other earnings will accrue on a Participant's Contributions to the Plan.

(f) *Non-U.S. Contributions*. In countries where payroll deductions are not permissible or feasible, the Committee may, in its sole discretion, permit an Employee to participate in the Plan by alternative means. Except as otherwise specified by the Committee, Contributions (including payroll deductions) made with respect to Employees paid in currencies other than U.S. dollars will be accumulated in local currency and converted to U.S. dollars as of the Purchase Date.

SECTION 6
STOCK PURCHASES

(a) *Automatic Purchase*. Effective as of the close of business on each Purchase Date, but subject to the limitations of Section 7, each Participant will be deemed, without further action, to have automatically purchased the number of whole Shares that the Participant's Payroll Deduction Account balance can purchase at the Purchase Price on that Purchase Date and such Shares will be considered to be issued and outstanding. Except as otherwise specified by the Committee, any amounts that are not sufficient to purchase a whole Share will be (i) retained in the Participant's Payroll Deduction Account for the subsequent Purchase Period or (ii) returned to each Participant who is not eligible or has elected not to participate in the following Purchase Period.

(b) *Delivery of Shares*. Certificates evidencing shares purchased shall be delivered to the Custodian or to any other bank or financial institution designated by the Committee for this purpose or delivered to the Participant (if the Participant has notified the Custodian or such other designated bank or financial institution, in the appropriate manner, of his election to receive the certificate) as soon as administratively feasible after the Purchase Date. Notwithstanding the foregoing, Participants shall be treated as the record owners of their shares effective as of the Purchase Date. Shares that are held by the Custodian or any other designated bank or financial institution shall be held in a Plan Omnibus account or the Participant's individual brokerage account as determined by the Committee. At any time, a Participant may request issuance by the Custodian or such other designated bank or financial institution of a stock certificate representing all or a portion of the Shares (in a whole number) held in such Participant's account; *provided, however,* that the Committee may require that Shares be retained by the Custodian for a specified period of time and may restrict dispositions during that period, and the Committee may establish other procedures to permit tracking of disqualifying dispositions of the Shares or to restrict transfer of the Shares. A Participant shall not be permitted to pledge, transfer, or sell Shares until they are issued in certificate form or book entry, except as otherwise permitted by the Committee and subject to the Company's policies regarding securities trading.

(c) *Notice Restrictions*. The Committee may require, as a condition of participation in the Plan, that each Participant agree to notify the Company if the Participant sells or otherwise disposes of any Shares within two years of the Offering Date or one year of the Purchase Date for the Purchase Period in which the Shares were purchased.

(d) *Shareholder Rights*. A Participant will have no interest or voting right in a Share until a Share has been purchased on the Participant's behalf under the Plan.

SECTION 7
LIMITATION ON PURCHASES

(a) *Limitations on Aggregate Shares Available During a Purchase Period*. With respect to each Purchase Period, the Committee, at its discretion, may specify the maximum number of shares of Common Stock that may be purchased or such other limitations that it may deem appropriate, subject to the aggregate number of shares authorized under Section 12 of the Plan. If the number of shares of Common Stock for which options are exercised exceeds the number of shares available in any Purchase Period under the Plan, the shares available for exercise shall be allocated by the Committee pro rata among the Participants in the Purchase Period in proportion to the relative amounts credited to their accounts. Any amounts not thereby applied to the purchase of shares of Common Stock under the Plan shall be refunded to the Participants after the end of the Purchase Period, without interest.

(b) *Limitations on Participant Purchases*. Participant purchases are subject to the following limitations:

(1) *Purchase Period Limitation*. Subject to the calendar year limits provided in (2) below, the maximum number of Shares that a Participant will have the right to purchase in any

Purchase Period will be determined by dividing (i) $25,000 by (ii) the Fair Market Value of one Share on the Offering Date for such Purchase Period.

(2) *Calendar Year Limitation*. No right to purchase Shares under the Plan will be granted to an Employee if such right, when combined with all other rights and options granted under all of the Code Section 423 employee stock purchase plans of the Company, its Subsidiaries or any parent corporation (within the meaning of Code Section 424(e)), would permit the Employee to purchase Shares with a Fair Market Value (determined at the time the right or option is granted) in excess of $25,000 for each calendar year in which the right or option is outstanding at any time, determined in accordance with Code Section 423(b)(8).

(c) *Refunds*. As of the first Purchase Date on which this Section limits a Participant's ability to purchase Shares, the Participant's payroll deductions will terminate, and the unused balance will (i) remain in the Participant's Payroll Deduction Account or (ii) be returned to any Participant who is not eligible or has elected not to participate in the following Purchase Period.

SECTION 8
WITHDRAWAL OF SHARES AND SALE OF SHARES

(a) *Withdrawal of Shares.* A Participant may elect to withdraw at any time (without withdrawing from participation in the Plan) whole shares held in his account by giving notice to the Custodian (or other person designated by the Committee) in the appropriate manner. Upon receipt of such notice from the Participant, the Custodian, bank or other financial institution designated by the Committee for this purpose will arrange for the issuance and delivery of such shares held in the Participant's account as soon as administratively feasible.

(b) *Sale of Shares*. Notwithstanding anything in the Plan to the contrary, a Participant may sell whole shares (and fractional shares if authorized by the Committee in its sole discretion) which are held in his account by giving notice to the Custodian (or such other person designated by the Committee) in the appropriate manner. Upon receipt of such notice from the Participant, the Custodian, bank or other financial institution designated by the Committee for this purpose will arrange for the sale of such Participant's shares. Any sale will occur as soon as administratively feasible.

SECTION 9
SUSPENSION OF AND WITHDRAWAL FROM PARTICIPATION

(a) A Participant may suspend payroll deductions at any time during the Purchase Period, by giving prior notice to the person designated by the Committee in the form and manner approved by the Committee. If a Participant elects to suspend his payroll deductions, only those Contributions credited to the Participant's Payroll Deduction Account at the time of the election shall be used to purchase shares during that Purchase Period. Any Participant who suspends payroll deductions during any Purchase Period may not resume payroll deductions during such Purchase Period and must re-enroll in the Plan in order to participate in the Plan during a subsequent Purchase Period.

(b) Except for any Participant who is deemed to be an Insider, a Participant may cease participation in a Purchase Period at any time prior to the Purchase Date and withdraw all, but not less than all, of the Contributions credited to the Participant's Payroll Deduction Account by providing at least 15 days' prior written notice in the form and manner prescribed by the Committee. Partial cash withdrawals shall not be permitted. Any Participant who is deemed to be an Insider may not make a cash withdrawal under this Section 9. If a Participant elects to withdraw, the Participant may not make any further Contributions to the Plan for the purchase of Shares during that Purchase Period. A Participant's voluntary withdrawal during a Purchase Period will not have any effect upon the Participant's eligibility to participate in the Plan during a subsequent Purchase Period. Any Participant who withdraws contributions during any Purchase Period may not resume payroll deductions during such Purchase Period and must re-enroll in the Plan in order to participate in the Plan during a subsequent Purchase Period.

SECTION 10
EMPLOYMENT TERMINATION

(a) *Termination Other Than Death, Disability or Retirement*. If a Participant's employment with the Company or a Designated Subsidiary terminates for any reason other than death, Disability or Retirement, the Participant will cease to participate in the Plan and the Company or its designee will refund the balance in the Participant's Payroll Deduction Account.

(b) *Termination Due to Death.* In the event of a Participant's death, at the election of the Participant's legal representative, the Participant's Payroll Deduction Account balance will be (i) distributed to the Participant's estate, or (ii) held until the end of the Purchase Period and applied to purchase Shares in accordance with Section 6. Section 10(b)(ii) shall apply in the event the Participant's estate fails to make a timely election pursuant to rules established by the Committee.

(c) *Termination Due to Disability or Retirement.* If a Participant's employment with the Company or a Designated Subsidiary terminates during a Purchase Period due to Disability or Retirement before the Purchase Date for such Purchase Period, then, at the Participant's election, the Participant's Payroll Deduction Account balance will either be (i) distributed to the Participant, or (ii) held until the end of the Purchase Period and applied to purchase Shares in accordance with Section 6. Section 10(c)(ii) shall apply in the event the Participant fails to make a timely election pursuant to rules established by the Committee.

(d) *Leaves of Absence*. The Committee may establish administrative policies regarding a Participant's rights to continue to participate in the Plan in the event of such Participant's leave of absence.

(e) *Stock Certificate*. In the event of a Participant's termination of employment for any reason, the Participant, or in the event of his death, his legal representative, may receive a stock certificate for the number of full shares held in his account by giving notice to the Custodian or such other designated bank or financial institution, in the appropriate manner, of his election to receive the certificate.

SECTION 11
PLAN ADMINISTRATION AND AMENDMENTS

The Plan will be administered by the Committee, which will be appointed by the Board. The Committee will be the Compensation Committee of the Board unless the Board appoints another committee to administer the Plan; *provided, however,* that such committee shall satisfy the independence requirements under Section 16 of the Securities Exchange Act of 1934, as amended, and as prescribed by any stock exchange on which the Company lists its Common Stock.

Subject to the express provisions of the Plan, the Committee will have the discretionary authority to interpret the Plan; to take any actions necessary to implement the Plan; to prescribe, amend, and rescind rules and regulations relating to the Plan; and to make all other determinations necessary or advisable in administering the Plan. All such determinations will be final and binding upon all persons. The Committee may request advice or assistance or employ or designate such other persons as are necessary for proper administration of the Plan.

SECTION 12
RESERVED SHARES

Subject to adjustments as provided in Section 13, the maximum number of Shares available for purchase on or after the Effective Date is 605,000 shares. Shares issued under the Plan may be Shares of original issuance, Shares held in treasury, or Shares that have been reacquired by the Company.

SECTION 13
CAPITAL CHANGES

In the event of a Corporate Transaction, other than a Corporate Transaction in which the Company is not the surviving corporation, the number and kind of shares of stock or securities of the Company to be subject to the Plan, the maximum number of shares or securities that may be delivered under the Plan, and the selling price and other relevant provisions of the Plan will be appropriately adjusted by the Committee, whose determination will be binding on all persons. If the Company is a party to a Corporate Transaction in which the Company is not the surviving corporation, the Committee may take such actions with respect to the Plan as the Committee deems appropriate.

SECTION 14
AMENDMENT OR TERMINATION OF THE PLAN

The Board in its sole discretion, may suspend or terminate the Plan, or amend the Plan in any respect; *provided, however,* that the stockholders of the Company must approve any amendment that would increase the number of Shares that may be issued under the Plan pursuant to options intended to qualify under Code Section 423 (other than an increase merely reflecting a change in capitalization of the Company pursuant to Section 13) or a change in the designation of any corporations (other than a Subsidiary) whose employees become Employees under the Plan.

The Plan and all rights of Employees under the Plan will terminate: (a) on the Purchase Date on which Participants become entitled to purchase a number of Shares greater than the number of reserved Shares remaining available for purchase as set forth in Section 12, or (b) at any date at the discretion of the Board. In the event that the Plan terminates under circumstances described in (a) above, reserved Shares remaining as of the termination date will be made available for purchase by Participants on the Purchase Date on a pro rata basis based on the amount credited to each Participant's Payroll Deduction Account. Upon termination of the Plan, each Participant will receive the balance in the Participant's Payroll Deduction Account.

SECTION 15
REGULATORY AND TAX COMPLIANCE

The Plan, the grant and exercise of the rights to purchase Shares under the Plan, and the Company's obligation to sell and deliver Shares upon the exercise of rights to purchase Shares, will be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or government agency as may, in the opinion of counsel for the Company, be required or desirable. The Plan is intended to comply with Rule 16b-3 under the U.S. Securities Exchange Act of 1934, as amended. Any provision inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan. The Committee may withhold from any payment due under the Plan or take any other action it deems appropriate to satisfy any federal, state or local tax withholding requirements.

SECTION 16
NON-U.S. JURISDICTIONS

The Committee may, in its sole discretion, adopt such rules or procedures to accommodate the requirements of local laws of non-U.S. jurisdictions, including rules or procedures relating to the handling of payroll deductions, conversion of local currency, payroll taxes and withholding procedures, as the Committee in its sole discretion deems appropriate. The Committee may also adopt rules and procedures different from those set forth in the Plan applicable to Participants who are employed by specific Designated Subsidiaries or at certain non-U.S. locations that are not intended to be within the scope of Code Section 423, subject to the provisions of Section 12, and may where appropriate establish one or more sub-plans for this purpose.

SECTION 17
MISCELLANEOUS

(a) *Nontransferability*. Except by the laws of descent and distribution, no benefit provided hereunder, including an option to purchase shares of Common Stock, shall be subject to alienation, assignment, or transfer by a Participant (or by any person entitled to such benefit pursuant to the terms of this Plan), nor shall it be subject to attachment or other legal process of whatever nature, and any attempted alienation, assignment, attachment, or transfer shall be void and of no effect whatsoever and, upon any such attempt, the benefit shall terminate and be of no force or effect. During a Participant's lifetime, options granted to the Participant shall be exercisable only by the Participant. Shares of Common Stock shall be delivered only to the Participant or, in the event of his death, his properly designated beneficiary entitled to receive the same or, in the absence of such designation, to the executor, administrator or other legal representative of the Participant's estate.

(b) *Tax Withholding*. The Company or any Designated Subsidiary shall have the right to withhold from all payments hereunder any federal, state, local, or non-U.S. income, social insurance, or other taxes that it deems are required by law to be withheld with respect to such payments. If such withholding is insufficient to satisfy such Federal, state, local or non -U.S. taxes, the Participant shall be required to pay to the Company or Designated Subsidiary, as the case may be, such amount required to be withheld or make such other arrangements satisfactory to the Company or such Designated Subsidiary, as the Committee shall determine.

(c) *No Employment Right*. Nothing contained in the Plan nor any action taken hereunder shall be construed as giving any right to any individual to be retained as an officer or Employee of the Company or any other employer or subsidiary or affiliate of the Company.

(d) *No Rights as Shareholder*. A Participant shall not be considered a shareholder with respect to shares of Common Stock to be purchased until the Purchase Date. Thus, a Participant shall not have a right to any dividend or distribution on Shares subject to purchase during a Purchase Period.

(e) *Relationship to Other Benefits*. It is not intended that any rights or benefits provided under the Plan be considered part of normal or expected compensation for purposes of calculating any severance, redundancy, termination indemnity, end of service awards, pension, retirement, profit sharing, or group insurance plan or similar benefits or payments. No payment under the Plan shall be taken into account in determining any benefits under any severance, redundancy, termination indemnity, end of service awards, pension, retirement, profit sharing, or group insurance plan of the Company or any Designated Subsidiary or subsidiary or affiliate of the Company.

(f) *Expenses*. The expenses of implementing and administering the Plan shall be borne by the Company. Any brokerage fees for the subsequent transfer or sale of Shares acquired under the Plan shall be paid by the Participant (or his beneficiary or estate, if applicable).

(g) *Titles and Headings*. The titles and headings of the Sections and subsections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(h) *Application of Funds*. All funds received by the Company under the Plan shall constitute general funds of the Company.

(i) *Nonexclusivity of Plan*. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(j) *Duration of Plan*. Notwithstanding any provision in the Plan, no options shall be granted hereunder prior to stockholder approval. The Plan shall remain in effect until all options granted under the Plan have been exercised or expired, vested or forfeited, and/or satisfied or expired.

(k) *Governing Law*. The Plan will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to that State’s choice of law rules, except to the extent preempted by the laws of the United States or a foreign jurisdiction.

Exhibit 31.1

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 2, 2013

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

Exhibit 31.2

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 2, 2013

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

Exhibit 32.1

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

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

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

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

Dated: August 2, 2013

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

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

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

Exhibit 32.2

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

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

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

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

Dated: August 2, 2013

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

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

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