

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 March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

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

61-1488595

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

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

(Address of principal executive offices)

(281) 949-2500

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of May 2, 2016, there were 91,222,347 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

(in thousands, except per share information)	Three months ended March 31,	
	2016	2015
Net sales	\$ 159,441	\$ 348,096
Cost of sales	124,884	238,970
Gross profit	34,557	109,126
Operating expenses		
Selling, general and administrative expenses	60,013	73,560
Transaction expenses	166	217
Loss (gain) on sale of assets and other	(32)	(312)
Total operating expenses	60,147	73,465
Earnings from equity investment	577	4,571
Operating income (loss)	(25,013)	40,232
Other expense (income)		
Interest expense	7,133	7,627
Deferred financing costs written off	2,588	—
Foreign exchange (gains) and other, net	(1,380)	(6,656)
Total other expense	8,341	971
Income (loss) before income taxes	(33,354)	39,261
Provision (benefit) for income tax expense	(10,406)	10,605
Net income (loss)	(22,948)	28,656
Less: Income (loss) attributable to noncontrolling interest	(5)	(16)
Net income (loss) attributable to common stockholders	(22,943)	28,672
Weighted average shares outstanding		
Basic	90,477	89,482
Diluted	90,477	91,469
Earnings (losses) per share		
Basic	\$ (0.25)	\$ 0.32
Diluted	\$ (0.25)	\$ 0.31
Other comprehensive income (loss), net of tax:		
Net income (loss)	(22,948)	28,656
Change in foreign currency translation, net of tax of \$0	3,472	(37,297)
Gain (loss) on pension liability	(43)	99
Comprehensive income (loss)	(19,519)	(8,542)
Less: comprehensive loss (income) attributable to noncontrolling interests	(93)	43
Comprehensive income (loss) attributable to common stockholders	\$ (19,612)	\$ (8,499)

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)	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 131,977	\$ 109,249
Accounts receivable—trade, net	109,203	138,597
Inventories	416,105	424,121
Prepaid expenses and other current assets	26,846	33,836
Costs and estimated profits in excess of billings	14,124	12,009
Total current assets	698,255	717,812
Property and equipment, net of accumulated depreciation	180,206	186,667
Deferred financing costs, net	1,750	4,125
Intangible assets	240,967	246,650
Goodwill	671,190	669,036
Investment in unconsolidated subsidiary	58,296	57,719
Deferred income taxes, net	779	780
Other long-term assets	3,126	3,253
Total assets	\$ 1,854,569	\$ 1,886,042
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	\$ 82	\$ 253
Accounts payable—trade	75,568	76,823
Accrued liabilities	55,934	58,563
Deferred revenue	9,119	7,283
Billings in excess of costs and profits recognized	4,002	8,631
Total current liabilities	144,705	151,553
Long-term debt, net of current portion	396,170	396,016
Deferred income taxes, net	40,266	51,100
Other long-term liabilities	31,464	29,956
Total liabilities	612,605	628,625
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 296,000,000 shares authorized, 99,368,477 and 98,605,902 shares issued	993	986
Additional paid-in capital	895,307	891,248
Treasury stock at cost, 8,145,802 and 8,145,802 shares	(133,318)	(133,318)
Retained earnings	557,209	580,152
Accumulated other comprehensive income (loss)	(78,717)	(82,048)
Total stockholders' equity	1,241,474	1,257,020
Noncontrolling interest in subsidiary	490	397
Total equity	1,241,964	1,257,417
Total liabilities and equity	\$ 1,854,569	\$ 1,886,042

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)	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities		
Net income (loss)	\$ (22,948)	\$ 28,656
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation expense	9,284	9,513
Amortization of intangible assets	6,612	6,769
Share-based compensation expense	5,084	5,031
Deferred income taxes	(10,832)	(1,322)
Deferred loan cost written off	2,588	—
Earnings from equity investment, net of distributions	(577)	(4,571)
Other	(429)	911
Changes in operating assets and liabilities		
Accounts receivable—trade	28,764	30,238
Inventories	9,048	(37,610)
Prepaid expenses and other current assets	6,762	1,554
Accounts payable, deferred revenue and other accrued liabilities	191	12,593
Costs and estimated profits in excess of billings, net	(6,691)	(3,275)
Net cash provided by operating activities	\$ 26,856	\$ 48,487
Cash flows from investing activities		
Acquisition of businesses, net of cash acquired	—	(60,836)
Capital expenditures for property and equipment	(4,261)	(11,421)
Proceeds from sale of business, property and equipment	309	662
Net cash used in investing activities	\$ (3,952)	\$ (71,595)
Cash flows from financing activities		
Borrowings of long term and short term debt	8	65,008
Repayment of long term and short term debt	(199)	(25,323)
Repurchases of stock	—	(5,885)
Proceeds from stock issuance	165	884
Deferred Financing costs	(513)	—
Net cash provided by (used in) financing activities	\$ (539)	\$ 34,684
Effect of exchange rate changes on cash	363	(4,264)
Net increase in cash and cash equivalents	22,728	7,312
Cash and cash equivalents		
Beginning of period	109,249	76,579
End of period	\$ 131,977	\$ 83,891

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, manufactures and distributes 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.

The Company's investment in an operating entity where the Company has the ability to exert significant influence, but does not control operating and financial policies is accounted for using the equity method. The Company's share of the net income of this entity is recorded as "Earnings from equity investment" in the condensed consolidated statements of comprehensive income. The investment in this entity is included in "Investment in unconsolidated subsidiary" in the condensed consolidated balance sheets. The Company reports its share of equity earnings within operating income as the investee's operations are integral to the operations of the Company.

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 three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016 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, 2015, which are included in the Company's 2015 Annual Report on Form 10-K filed with the SEC on February 26, 2016 (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 March and April 2016, the FASB issued Accounting Standards Update ("ASU") No.2016-10, Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing, and No. 2016-08 Revenue from Contracts with Customers (Topic 606) - Principal versus Agent Considerations. ASU no. 2016-10 amended and clarified the guidance in the new revenue standard on identifying performance obligation and accounting for licenses of intellectual property and addressed the implementation issues. ASU no. 2016-08 amended the guidance in the new revenue standard on assessing whether an entity is a principal or an agent in a revenue transaction, which impacts whether an entity reports revenue on a gross or net basis. Both standards will take effect for public companies for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact of the adoption of the above guidance.

In March 2016, the FASB issued ASU No.2016-09, Improvements to Employee Share-Based Payment Accounting. This new guidance includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements: a) All excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement; b) Excess tax benefits should be classified along with other income tax cash flows as an operating activity; c) An entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur; d) The threshold to qualify for equity classification permits withholding up to the maximum statutory tax rates in the applicable jurisdictions; e) Cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity. There are also two additional provisions for non-public entities that do not

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

apply to the Company. The standard will take effect for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company is currently evaluating the impact of the adoption of this guidance.

In February 2016, the FASB issued ASU No.2016-02, Leases. Under this new guidance, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of greater than twelve months. The standard will take effect for public companies with fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact of the adoption of this guidance.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. The new standard is to be effective for the fiscal year beginning after December 15, 2017. Companies are able to early adopt the pronouncement, however not before fiscal years beginning after December 15, 2016. The Company is currently evaluating the impacts of the adoption and the implementation approach to be used.

3. Acquisitions

2015 Acquisition

Effective February 2, 2015, the Company completed the acquisition of J-Mac Tool, Inc. ("J-Mac") for consideration of \$61.9 million. J-Mac is a Fort Worth, Texas based manufacturer of high quality hydraulic fracturing pumps, power ends, fluid ends and other pump accessories. J-Mac is included in the Completions segment. The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the acquisition (in thousands):

	2015 Acquisition
Current assets, net of cash acquired	\$ 36,174
Property and equipment	11,506
Intangible assets (primarily customer relationships)	10,400
Tax-deductible goodwill	13,977
Current liabilities	(10,129)
Long-term liabilities	(22)
Net assets acquired	<u>\$ 61,906</u>

Revenues and net income related to the acquisitions were not significant for the current and prior periods presented in this report. Pro forma results of operations for 2015 acquisitions have not been presented because the effects were not material to the consolidated financial statements on either an individual or aggregate basis.

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

4. Inventories

The Company's significant components of inventory at March 31, 2016 and December 31, 2015 were as follows (in thousands):

	March 31, 2016	December 31, 2015
Raw materials and parts	\$ 149,790	\$ 148,372
Work in process	36,982	38,381
Finished goods	301,607	315,256
Gross inventories	488,379	502,009
Inventory reserve	(72,274)	(77,888)
Inventories	<u>\$ 416,105</u>	<u>\$ 424,121</u>

5. Goodwill and intangible assets

Goodwill

The changes in the carrying amount of goodwill from December 31, 2015 to March 31, 2016, were as follows (in thousands):

	Drilling & Subsea	Completions	Production & Infrastructure	Total
Goodwill Balance at December 31, 2015	\$ 334,595	\$ 316,914	\$ 17,527	\$ 669,036
Impact of non-U.S. local currency translation	326	1,619	209	\$ 2,154
Goodwill Balance at March 31, 2016	<u>\$ 334,921</u>	<u>\$ 318,533</u>	<u>\$ 17,736</u>	<u>\$ 671,190</u>

The Company performs its annual impairment tests of goodwill as of October 1. There was no impairment of goodwill during the quarter ended March 31, 2016. Accumulated impairment losses on goodwill were \$168.8 million as of March 31, 2016 and December 31, 2015.

Intangible assets

Intangible assets consisted of the following as of March 31, 2016 and December 31, 2015, respectively (in thousands):

	March 31, 2016			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	\$ 280,381	\$ (106,206)	\$ 174,175	4-15
Patents and technology	34,359	(10,739)	23,620	5-17
Non-compete agreements	7,295	(6,431)	864	3-6
Trade names	45,601	(16,557)	29,044	10-15
Distributor relationships	22,160	(14,126)	8,034	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	<u>\$ 395,026</u>	<u>\$ (154,059)</u>	<u>\$ 240,967</u>	

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

	December 31, 2015			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	\$ 280,297	\$ (101,636)	\$ 178,661	4-15
Patents and technology	34,140	(10,264)	23,876	5-17
Non-compete agreements	7,269	(6,292)	977	3-6
Trade names	45,446	(15,890)	29,556	10-15
Distributor relationships	22,160	(13,810)	8,350	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	\$ 394,542	\$ (147,892)	\$ 246,650	

6. Debt

Notes payable and lines of credit as of March 31, 2016 and December 31, 2015 consisted of the following (in thousands):

	March 31, 2016	December 31, 2015
6.25% Senior Notes due October 2021	\$ 400,000	\$ 400,000
Unamortized debt premium	2,294	2,395
Debt issuance cost	(6,149)	(6,425)
Senior secured revolving credit facility	—	—
Other debt	107	299
Total debt	396,252	396,269
Less: current maturities	(82)	(253)
Long-term debt	<u>\$ 396,170</u>	<u>\$ 396,016</u>

Senior Notes Due 2021

The Senior Notes bear interest at a rate of 6.250% per annum, payable on April 1 and October 1 of each year, and mature on October 1, 2021. The Senior Notes are senior unsecured obligations, and are guaranteed on a senior unsecured basis by the Company's subsidiaries that guarantee the Credit Facility and rank junior to, among other indebtedness, the Credit Facility to the extent of the value of the collateral securing the Credit Facility.

Credit Facility

On February 25, 2016, the Company amended its senior secured credit facility (the "Credit Facility" and such amendment, the "Amended Facility") to reduce commitment fees and provide borrowing capacity for general corporate purposes. The Amended Facility provides for a revolving credit line of up to \$200.0 million, including up to \$25.0 million available for letters of credit and up to \$10.0 million in swingline loans. Availability under the Amended Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the United States, United Kingdom and Canada, eligible inventory in the United States, and cash on hand.

The Amended Facility reduced the borrowing capacity from \$600.0 million to \$200.0 million, as such the Company has written off \$2.6 million of the deferred financing costs related to the credit facility.

The Credit Facility matures in November 2018. As of March 31, 2016, we had no borrowings outstanding under the Credit Facility, and \$10.5 million of outstanding letters of credit. Subsequent to March 31, 2016, upon the completion of the bank's borrowing base audit, the Company had the capacity to borrow an additional \$189.5 million subject to certain limitations in the Credit Facility. Weighted average interest rates under the Credit Facility for the twelve months ended December 31, 2015 were approximately 2.00%.

There have been no changes to the financial covenants disclosed in Item 8 of the Annual Report and the Company was in compliance with all financial covenants at March 31, 2016.

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

7. Income taxes

The Company's effective tax rate was 31.2% for the three months ended March 31, 2016 and 27.0% for the three months ended March 31, 2015. The tax rate is higher than the comparable period in 2015 primarily due to the proportion of losses being generated in the United States, which are benefited at a higher statutory tax rate, as compared to earnings being generated outside the United States in jurisdictions subject to lower tax rates. The effective tax rate can vary from period to period depending on the Company's relative mix of U.S. and non-U.S. earnings.

8. Fair value measurements

At March 31, 2016, the Company had no debt outstanding under the Credit Facility, and \$10.5 million of outstanding letters of credit. 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.

The fair value of the Company's Senior Notes is estimated using Level 2 inputs in the fair value hierarchy and is based on quoted prices for those or similar instruments. At March 31, 2016, the fair value and the carrying value of the Company's Senior Notes approximated \$346.0 million and \$402.3 million, respectively. At December 31, 2015, the fair value and the carrying value of the Company's Senior Notes approximated \$334.1 million and \$402.5 million, respectively.

There were no outstanding financial assets as of March 31, 2016 and December 31, 2015 that required measuring the amounts at fair value. 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 three months ended March 31, 2016.

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

9. Business segments

Beginning with the first quarter of 2016, the Company realigned its segments. Completions was designated as a separate segment in recognition of the expansion in these operations and its significant growth potential. The Company is reporting its results of operations in the following three operating segments, which are our reportable segments: Drilling & Subsea, Completions and Production & Infrastructure, instead of the original two operating segments. Management's change in the composition of the Company's reporting segments was made in order to align with activity drivers and the customers of our product group and to better correspond to the manner in which management will review and evaluate operating performance. This change will be reflected on a retrospective basis in accordance with generally accepted accounting principles, with prior years adjusted to reflect the change in reporting segments. The amounts indicated below as "Corporate" relate to costs and assets not allocated to the reportable operating segments. Summary financial data by segment follows (in thousands):

	Three months ended March 31,	
	2016	2015
Revenue:		
Drilling & Subsea	\$ 65,295	\$ 163,553
Completions	34,304	94,496
Production & Infrastructure	60,511	90,523
Intersegment eliminations	(669)	(476)
Total Revenue	\$ 159,441	\$ 348,096
Operating income (loss):		
Drilling & Subsea	\$ (9,823)	\$ 19,839
Completions	(6,458)	20,569
Production & Infrastructure	(1,371)	7,990
Corporate	(7,227)	(8,261)
Total segment operating income (loss)	(24,879)	40,137
Transaction expenses	166	217
Loss (gain) on sale of assets and other	(32)	(312)
Income (loss) from operations	\$ (25,013)	\$ 40,232

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

	March 31, 2016	December 31, 2015
Assets		
Drilling & Subsea	\$ 885,418	\$ 912,324
Completions	728,531	728,745
Production & Infrastructure	188,211	187,741
Corporate	52,409	57,232
Total assets	\$ 1,854,569	\$ 1,886,042

Corporate assets include, among other items, prepaid assets, cash and deferred financing costs.

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

10. 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 that 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 March 31, 2016 and December 31, 2015, respectively, are immaterial. It is management's opinion that 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.

11. 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 March 31,	
	2016	2015
Net income (loss) attributable to common stockholders	\$ (22,943)	\$ 28,672
Average shares outstanding (basic)	90,477	89,482
Common stock equivalents	—	1,987
Diluted shares	90,477	91,469
Earnings(losses) per share		
Basic earnings (losses) per share	\$ (0.25)	\$ 0.32
Diluted earnings (losses) per share	\$ (0.25)	\$ 0.31

The diluted earnings per share calculation excludes all stock options for the three months ended March 31, 2016 because there is a net loss for the quarter. The diluted earnings per share calculation excludes approximately 1.6 million stock options for the three months ended March 31, 2015, because they were anti-dilutive as the option exercise price was greater than the average market price of the Company's common stock.

12. Stockholders' equity

Share-based compensation

During the three months ended March 31, 2016, the Company granted 818,620 options and 1,670,270 shares of restricted stock or restricted stock units, which includes 257,900 performance share awards with a market condition. The stock options were granted with an exercise price of \$9.39. Of the restricted stock or restricted stock units granted, 1,292,553 vest ratably over four years on each anniversary of the date of grant. 119,817 shares of restricted stock or restricted stock units were granted to the non-employee members of the Board of Directors, which have a twelve 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 one year, two year and three-year performance period.

13. Related party transactions

The Company has sold and purchased equipment and services to and from various affiliates of certain directors. The dollar amounts related to these related party activities are not material to the Company's condensed consolidated financial statements.

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

14. Subsequent Event

In April 2016, the Company completed the acquisition of the wholesale completion packer product line of Team Oil Tools, Inc. The product line includes a wide variety of completion and service tools, including retrievable and permanent packers, bridge plugs, and accessories which are sold to the oilfield service providers, packer repair companies and distributors on a global basis. This product line will be included in the Completions segment.

15. Condensed consolidating financial statements

The Senior Notes are guaranteed by our domestic subsidiaries which are 100% owned, directly or indirectly, by the Company. The guarantees are full and unconditional, joint and several and on an unsecured basis.

Condensed consolidating statements of comprehensive income (loss)

	Three months ended March 31, 2016				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net sales	\$ —	\$ 117,314	\$ 55,634	\$ (13,507)	\$ 159,441
Cost of sales	—	92,614	45,132	(12,862)	124,884
Gross profit	—	24,700	10,502	(645)	34,557
Operating expenses					
Selling, general and administrative expenses	—	47,664	12,349	—	60,013
Transaction expenses	—	166	—	—	166
Loss (gain) on sale of assets and other	—	(36)	4	—	(32)
Total operating expenses	—	47,794	12,353	—	60,147
Earnings from equity investment	—	577	—	—	577
Equity earnings from affiliate, net of tax	(16,614)	(1,089)	—	17,703	—
Operating income	(16,614)	(23,606)	(1,851)	17,058	(25,013)
Other expense (income)					
Interest expense (income)	7,148	(13)	(2)	—	7,133
Deferred loan costs written off	2,588	—	—	—	2,588
Foreign exchange (gains) losses and other, net	—	(82)	(1,298)	—	(1,380)
Total other expense (income)	9,736	(95)	(1,300)	—	8,341
Income (loss) before income taxes	(26,350)	(23,511)	(551)	17,058	(33,354)
Provision (benefit) for income tax expense	(3,407)	(6,897)	(102)	—	(10,406)
Net income (loss)	(22,943)	(16,614)	(449)	17,058	(22,948)
Less: Income (loss) attributable to noncontrolling interest	—	—	(5)	—	(5)
Net income (loss) attributable to common stockholders	(22,943)	(16,614)	(444)	17,058	(22,943)
Other comprehensive income (loss), net of tax:					
Net income (loss)	(22,943)	(16,614)	(449)	17,058	(22,948)
Change in foreign currency translation, net of tax of \$0	3,472	3,472	3,472	(6,944)	3,472
Change in pension liability	(43)	(43)	(43)	86	(43)
Comprehensive income (loss)	(19,514)	(13,185)	2,980	10,200	(19,519)
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	(93)	—	(93)
Comprehensive income (loss) attributable to common stockholders	\$ (19,514)	\$ (13,185)	\$ 2,887	\$ 10,200	\$ (19,612)

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

Condensed consolidating statements of comprehensive income (loss)

	Three months ended March 31, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net sales	\$ —	\$ 269,198	\$ 120,317	\$ (41,419)	\$ 348,096
Cost of sales	—	188,767	89,676	(39,473)	238,970
Gross profit	—	80,431	30,641	(1,946)	109,126
Operating expenses					
Selling, general and administrative expenses	—	57,372	16,188	—	73,560
Transaction Expense	—	217	—	—	217
Loss (gain) on sale of assets and other	—	(111)	(201)	—	(312)
Total operating expenses	—	57,478	15,987	—	73,465
Earnings from equity investment	—	4,571	—	—	4,571
Equity earnings from affiliates, net of tax	33,604	16,237	—	(49,841)	—
Operating income	33,604	43,761	14,654	(51,787)	40,232
Other expense (income)					
Interest expense (income)	7,588	14	25	—	7,627
Foreign exchange (gains) losses and other, net	—	(185)	(6,471)	—	(6,656)
Total other expense (income)	7,588	(171)	(6,446)	—	971
Income before income taxes	26,016	43,932	21,100	(51,787)	39,261
Provision for income tax expense	(2,656)	10,328	2,933	—	10,605
Net income	28,672	33,604	18,167	(51,787)	28,656
Less: Income (loss) attributable to noncontrolling interest	—	—	(16)	—	(16)
Net income attributable to common stockholders	28,672	33,604	18,183	(51,787)	28,672
Other comprehensive income, net of tax:					
Net income	28,672	33,604	18,167	(51,787)	28,656
Change in foreign currency translation, net of tax of \$0	(37,297)	(37,297)	(37,297)	74,594	(37,297)
Change in pension liability	99	99	99	(198)	99
Comprehensive income (loss)	(8,526)	(3,594)	(19,031)	22,609	(8,542)
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	43	—	43
Comprehensive income (loss) attributable to common stockholders	\$ (8,526)	\$ (3,594)	\$ (18,988)	\$ 22,609	\$ (8,499)

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

Condensed consolidating balance sheets

	March 31, 2016				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Assets					
Current assets					
Cash and cash equivalents	\$ —	\$ 40,746	\$ 91,231	\$ —	\$ 131,977
Accounts receivable—trade, net	—	71,748	37,455	—	109,203
Inventories	—	320,110	106,044	(10,049)	416,105
Cost and profits in excess of billings	—	4,458	9,666	—	14,124
Other current assets	—	20,480	6,366	—	26,846
Total current assets	—	457,542	250,762	(10,049)	698,255
Property and equipment, net of accumulated depreciation	—	149,830	30,376	—	180,206
Deferred financing costs, net	1,750	—	—	—	1,750
Deferred income taxes, net	—	(1)	780	—	779
Intangibles	—	181,081	59,886	—	240,967
Goodwill	—	481,374	189,816	—	671,190
Investment in unconsolidated subsidiary	—	58,296	—	—	58,296
Investment in affiliates	1,175,421	517,135	—	(1,692,556)	—
Long-term advances to affiliates	473,592	—	60,031	(533,623)	—
Other long-term assets	—	2,389	737	—	3,126
Total assets	<u>\$ 1,650,763</u>	<u>\$ 1,847,646</u>	<u>\$ 592,388</u>	<u>\$ (2,236,228)</u>	<u>\$ 1,854,569</u>
Liabilities and equity					
Current liabilities					
Current portion of long-term debt	\$ —	\$ 71	\$ 11	\$ —	\$ 82
Accounts payable—trade	—	59,272	16,296	—	75,568
Accrued liabilities	13,145	34,388	8,401	—	55,934
Deferred revenue	—	2,551	6,568	—	9,119
Billings in excess of costs and profits	—	632	3,370	—	4,002
Total current liabilities	13,145	96,914	34,646	—	144,705
Long-term debt, net of current portion	396,144	15	11	—	396,170
Long-term payables to affiliates	—	533,623	—	(533,623)	—
Deferred income taxes, net	—	25,542	14,724	—	40,266
Other long-term liabilities	—	16,131	15,333	—	31,464
Total liabilities	409,289	672,225	64,714	(533,623)	612,605
Total stockholder's equity	1,241,474	1,175,421	527,184	(1,702,605)	1,241,474
Noncontrolling interest in subsidiary	—	—	490	—	490
Equity	1,241,474	1,175,421	527,674	(1,702,605)	1,241,964
Total liabilities and equity	<u>\$ 1,650,763</u>	<u>\$ 1,847,646</u>	<u>\$ 592,388</u>	<u>\$ (2,236,228)</u>	<u>\$ 1,854,569</u>

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

Condensed consolidating balance sheets

	December 31, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Assets					
Current assets					
Cash and cash equivalents	\$ —	\$ 36,884	\$ 72,365	\$ —	\$ 109,249
Accounts receivable—trade, net	—	85,537	53,060	—	138,597
Inventories	—	318,360	115,165	(9,404)	424,121
Cost and profits in excess of billings	—	6,477	5,532	—	12,009
Other current assets	—	25,447	8,389	—	33,836
Total current assets	—	472,705	254,511	(9,404)	717,812
Property and equipment, net of accumulated depreciation	—	153,995	32,672	—	186,667
Deferred financing costs, net	4,125	—	—	—	4,125
Deferred income taxes, net	—	—	780	—	780
Intangibles	—	186,234	60,416	—	246,650
Goodwill	—	481,374	187,662	—	669,036
Investment in unconsolidated subsidiary	—	57,719	—	—	57,719
Investment in affiliates	1,188,707	514,893	—	(1,703,600)	—
Long-term advances to affiliates	467,184	—	60,221	(527,405)	—
Other long-term assets	—	2,549	704	—	3,253
Total assets	<u>\$ 1,660,016</u>	<u>\$ 1,869,469</u>	<u>\$ 596,966</u>	<u>\$ (2,240,409)</u>	<u>\$ 1,886,042</u>
Liabilities and equity					
Current liabilities					
Current portion of long-term debt	\$ —	\$ 243	\$ 10	\$ —	\$ 253
Accounts payable—trade	\$ —	\$ 57,529	\$ 19,294	\$ —	\$ 76,823
Accrued liabilities	7,027	40,874	10,662	—	58,563
Deferred revenue	—	1,334	5,949	—	7,283
Billings in excess of costs and profits recognized	—	1,872	6,759	—	8,631
Total current liabilities	7,027	101,852	42,674	—	151,553
Long-term debt, net of current portion	395,970	34	12	—	396,016
Long-term payables to affiliates	—	527,406	—	(527,406)	—
Deferred income taxes, net	—	36,937	14,163	—	51,100
Other long-term liabilities	—	14,533	15,423	—	29,956
Total liabilities	<u>402,997</u>	<u>680,762</u>	<u>72,272</u>	<u>(527,406)</u>	<u>628,625</u>
Total stockholder's equity	1,257,019	1,188,707	524,297	(1,713,003)	1,257,020
Noncontrolling interest in subsidiary	—	—	397	—	397
Equity	<u>1,257,019</u>	<u>1,188,707</u>	<u>524,694</u>	<u>(1,713,003)</u>	<u>1,257,417</u>
Total liabilities and equity	<u>\$ 1,660,016</u>	<u>\$ 1,869,469</u>	<u>\$ 596,966</u>	<u>\$ (2,240,409)</u>	<u>\$ 1,886,042</u>

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

Condensed consolidating statements of cash flows

	Three months ended March 31, 2016				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Cash flows from (used in) operating activities	\$ 1,670	\$ 6,093	\$ 19,093	\$ —	\$ 26,856
Cash flows from investing activities					
Acquisition of businesses, net of cash acquired	—	—	—	—	—
Capital expenditures for property and equipment	—	(3,991)	(270)	—	(4,261)
Long-term loans and advances to affiliates	(1,324)	348	—	976	—
Other	—	280	29	—	309
Net cash provided by (used in) investing activities	\$ (1,324)	\$ (3,363)	\$ (241)	\$ 976	\$ (3,952)
Cash flows from financing activities					
Borrowings of long-term and short-term debt	—	8	—	—	8
Repayment of long-term and short-term debt	—	(199)	—	—	(199)
Long-term loans and advances to affiliates	—	1,324	(348)	(976)	—
Deferred financing costs	(513)	—	—	—	(513)
Proceeds from stock issuance	167	(1)	(1)	—	165
Net cash provided by (used in) financing activities	\$ (346)	\$ 1,132	\$ (349)	\$ (976)	\$ (539)
Effect of exchange rate changes on cash	—	—	363	—	363
Net increase (decrease) in cash and cash equivalents	—	3,862	18,866	—	22,728
Cash and cash equivalents					
Beginning of period	—	36,884	72,365	—	109,249
End of period	\$ —	\$ 40,746	\$ 91,231	\$ —	\$ 131,977

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

Condensed consolidating statements of cash flows

	Three Months Ended March 31, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Cash flows from (used in) operating activities	\$ 1,628	\$ 33,735	\$ 13,124	\$ —	\$ 48,487
Cash flows from investing activities					
Acquisition of businesses, net of cash acquired	—	(60,836)	—	—	(60,836)
Capital expenditures for property and equipment	—	(7,626)	(3,795)	—	(11,421)
Long-term loans and advances to affiliates	(41,979)	12,997	—	28,982	—
Other	—	175	487	—	662
Net cash provided by (used in) investing activities	\$ (41,979)	\$ (55,290)	\$ (3,308)	\$ 28,982	\$ (71,595)
Cash flows from financing activities					
Repayment of long-term debt	39,898	(207)	(6)	—	39,685
Long-term loans and advances to affiliates	—	41,979	(12,997)	(28,982)	—
Other	(5,001)	—	—	—	(5,001)
Net cash provided by (used in) financing activities	\$ 34,897	\$ 41,772	\$ (13,003)	\$ (28,982)	\$ 34,684
Effect of exchange rate changes on cash	—	—	(4,264)	—	(4,264)
Net increase (decrease) in cash and cash equivalents	(5,454)	20,217	(7,451)	—	7,312
Cash and cash equivalents					
Beginning of period	5,551	4,006	67,022	—	76,579
End of period	\$ 97	\$ 24,223	\$ 59,571	\$ —	\$ 83,891

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 and impact of recent significant declines in oil and natural gas prices;
- the availability of raw materials and specialized equipment;
- our ability to accurately predict customer demand;
- customer order cancellations or deferrals;
- 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;
- our ability to successfully manage our growth, including risks and uncertainties associated with integrating and retaining key employees of the businesses we acquire;
- benefits of our acquisitions;
- availability of key management personnel;
- availability of skilled and qualified labor;
- 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;
- 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 February 26, 2016 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 used 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; pressure pumping equipment; and downstream capital projects. Our engineered systems are critical components used on drilling rigs, for completions 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, just over 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, oilfield service companies, subsea construction and service companies, and pipeline and refinery operators.

Beginning with the first quarter of 2016, we realigned our segments. Completions was designated as a separate segment in recognition of the expansion in these operations and its significant growth potential. We are reporting our results of operations in the following reporting segments: Drilling & Subsea, Completions and Production & Infrastructure, instead of the original two segments. Management's change in the composition of the Company's reporting segments was made in order to align with activity drivers and the customers of our product groups and to better correspond to the manner in which management will review and evaluate operating performance. This change will be reflected on a retrospective basis in accordance with generally accepted accounting principles, with prior years adjusted to reflect the change in reporting segments. The new segments are composed of the following:

- *Drilling & Subsea segment.* We design and manufacture products and provide related services to the drilling and subsea construction and services markets. We provide these products and related services through two product lines: (i) drilling technologies, which consists of capital equipment and a broad line of expendable drilling products consumed in the drilling process; and (ii) subsea technologies, which consists of subsea capital equipment, specialty components and tooling, products used in subsea pipeline infrastructure, and a broad suite of complementary subsea technical services and rental items.
- *Completions segment.* We design, manufacture and supply products and provide related services to the well construction, completion, stimulation and intervention markets. We provide these products and related services through two product lines: (i) downhole products, which consist of well construction casing and cementing equipment, cable protectors used in completions, composite plugs used for zonal isolation in hydraulic fracturing and wireline flow-control products; and (ii) well stimulation and intervention products, which consists of capital and consumable products sold to the pressure pumping, hydraulic fracturing and flowback services markets, including hydraulic fracturing pumps, pump consumables and flow iron as well as coiled tubing, wireline cable, and pressure control equipment used in the well completion and intervention service markets.
- *Production & Infrastructure segment.* We design, manufacture and supply products and provide related equipment and services for production and infrastructure markets. We provide these products and related services through two product lines: (i) surface production and process equipment, which consist of engineered process systems, production equipment and related field services, as well as desalinization equipment; and (ii) valve solutions, which consists of a wide range of industrial valves focused on serving upstream, midstream, downstream oil and gas customers.

Market Conditions

The level of demand for our products and services is directly related to activity levels and the capital and operating budgets of our customers, which in turn are influenced heavily by energy prices and the expectation as to future trends in those prices. Energy prices have historically been cyclical in nature, as exemplified by the significant decrease in oil prices beginning in the middle of 2014 and are affected by a wide range of factors. Although the extent and duration of the decline in energy prices are difficult to predict, the current market conditions could have a material, adverse impact on our earnings throughout 2016.

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					
	March 31,		December 31,		March 31,	
	2016		2015		2015	
Average global oil, \$/bbl						
West Texas Intermediate	\$	33.35	\$	41.94	\$	48.50
United Kingdom Brent	\$	33.84	\$	43.56	\$	53.98
Average North American Natural Gas, \$/Mcf						
Henry Hub	\$	1.99	\$	2.12	\$	2.90

Average WTI and Brent oil prices were 20% and 22% lower, respectively, in the first quarter of 2016 than in the fourth quarter of 2015, and were 31% and 37% lower than in the first quarter of 2015, respectively. The WTI oil price was \$36.94 and \$47.72 per barrel on March 31, 2016 and 2015, respectively. Average natural gas prices were 6% and 31% lower in the first quarter of 2016 than in the fourth quarter of 2015 and the first quarter of 2015, respectively. Crude oil prices began a significant decline in the second half of 2014 and have declined 69% from peak prices in June 2014 to the end of March 2016 primarily as a result of increasing supply and insufficient demand growth. The precipitous decline in oil and natural gas prices since the middle of 2014 has resulted in a significant decrease in exploration and production activity and spending by our customers, causing us to experience a significant, adverse impact on our results of operations. Crude oil prices have recently risen significantly from their lows in February of this year. This increase has not yet caused any meaningful increase in industry activity levels, as reflected in the declining number of active drilling rigs and our continued low level of bookings. Should the global oversupply of crude oil begin to reduce and oil prices continue to increase, we believe that we will begin to see an increase in our revenues. Until then, we expect the significant, adverse impact on our results of operations to continue.

The table below shows the average number of active drilling rigs, based on the weekly Baker Hughes Incorporated rig count, operating by geographic area and drilling for different purposes.

	Three months ended		
	March 31,	December 31,	March 31,
	2016	2015	2015
Active Rigs by Location			
United States	551	753	1,403
Canada	173	169	343
International	1,016	1,105	1,261
Global Active Rigs	1,740	2,027	3,007
Land vs. Offshore Rigs			
Land	1,484	1,737	2,636
Offshore	256	290	371
Global Active Rigs	1,740	2,027	3,007
U.S. Commodity Target			
Oil/Gas	441	567	1,110
Gas	110	186	291
Unclassified	—	—	2
Total U.S. Active Rigs	551	753	1,403
U.S. Well Path			
Horizontal	435	577	1,055
Vertical	63	103	217
Directional	53	73	131
Total U.S. Active Rigs	551	753	1,403

As a result of lower oil and natural gas prices, the average U.S. rig count decreased 27% from the fourth quarter of 2015, while the international rig count decreased 8% and the Canadian rig count increased 2%, respectively, from the fourth quarter of 2015. The U.S. rig count declined 74% from 1,811 rigs at the beginning of 2015 to 464 rigs at the end of March 2016. A substantial portion of our revenue is impacted by the level of rig activity and the number of wells completed. This significant decrease in the rig count had a negative impact on our results of operations in the first quarter of 2016 and is expected to have a continuing adverse effect on our results through 2016.

The current low energy price environment has caused a steep reduction in activity and spending by our customers. Many exploration and production companies, especially those with operations in North America or offshore, have curtailed operations, reduced the number of wells being drilled, or chosen to defer the completion of wells that have been drilled. This has also resulted in a substantial reduction in activity and revenue for energy service companies, resulting in both exploration and production companies and energy service companies significantly reducing their purchases of both capital and consumable equipment from the Company and other equipment manufacturers. This widespread reduction in spending had a negative impact on our results and new orders in the first quarter of 2016 and may have a continuing adverse effect through 2016, depending on the timing and pace of an anticipated recovery in activity.

The table below shows the amount of total inbound orders by segment for the three months ended March 31, 2016 and 2015:

(in millions of dollars)	Three months ended March 31,	
	2016	2015
Orders:		
Drilling & Subsea	\$ 56.3	\$ 122.1
Completions	30.6	78.7
Production & Infrastructure	54.1	86.9
Total Orders	\$ 141.0	\$ 287.7

Results of operations

We did not make any acquisitions in the first quarter of 2016 and one acquisition in the first quarter of 2015. For additional information about this acquisition, see Note 3 to the condensed consolidated financial statements in Item 1 of Part I of this quarterly report. Due to this acquisition, our results of operations for the 2016 periods presented may not be comparable to historical results of operations for the 2015 periods.

Three months ended March 31, 2016 compared with three months ended March 31, 2015

	Three months ended March 31,		Favorable / (Unfavorable)	
	2016	2015	\$	%
<i>(in thousands of dollars, except per share information)</i>				
Revenue:				
Drilling & Subsea	\$ 65,295	\$ 163,553	\$ (98,258)	(60.1)%
Completions	34,304	94,496	(60,192)	(63.7)%
Production & Infrastructure	60,511	90,523	(30,012)	(33.2)%
Eliminations	(669)	(476)	(193)	*
Total revenue	\$ 159,441	\$ 348,096	\$ (188,655)	(54.2)%
Operating income (loss):				
Drilling & Subsea	\$ (9,823)	\$ 19,839	\$ (29,662)	(149.5)%
<i>Operating income margin %</i>	<i>(15.0)%</i>	<i>12.1%</i>		
Completions	(6,458)	20,569	(27,027)	(131.4)%
<i>Operating income margin %</i>	<i>(18.8)%</i>	<i>21.8%</i>		
Production & Infrastructure	(1,371)	7,990	(9,361)	(117.2)%
<i>Operating income margin %</i>	<i>(2.3)%</i>	<i>8.8%</i>		
Corporate	(7,227)	(8,261)	1,034	12.5 %
Total segment operating income (loss)	\$ (24,879)	\$ 40,137	\$ (65,016)	(162.0)%
<i>Operating income margin %</i>	<i>(15.6)%</i>	<i>11.5%</i>		
Transaction expenses	166	217	51	*
Loss (gain) on sale of assets and other	(32)	(312)	(280)	*
Income (loss) from operations	(25,013)	40,232	(65,245)	(162.2)%
Interest expense, net	7,133	7,627	494	6.5 %
Deferred loan costs written off	2,588	—	(2,588)	*
Foreign exchange (gains) and other, net	(1,380)	(6,656)	(5,276)	*
Other (income) expense, net	8,341	971	(7,370)	*
Income (loss) before income taxes	(33,354)	39,261	(72,615)	(185.0)%
Income tax expense	(10,406)	10,605	21,011	198.1 %
Net income (loss)	(22,948)	28,656	(51,604)	(180.1)%
Less: Income (loss) attributable to non-controlling interest	(5)	(16)	11	*
Income (loss) attributable to common stockholders	\$ (22,943)	\$ 28,672	\$ (51,615)	(180.0)%
Weighted average shares outstanding				
Basic	90,477	89,482		
Diluted	90,477	91,469		
Earnings (losses) per share				
Basic	\$ (0.25)	\$ 0.32		
Diluted	\$ (0.25)	\$ 0.31		

* not meaningful

Revenue

Our revenue for the three months ended March 31, 2016 decreased \$188.7 million, or 54.2%, to \$159.4 million compared to the three months ended March 31, 2015. For the three months ended March 31, 2016, our Drilling & Subsea segment Production & Infrastructure segment, and Completions segment comprised 41.0%, 37.9% and 21.1% of our total revenue, respectively, which compared to 47.0%, 25.9% and 27.1% of total revenue, respectively, for the three months ended March 31, 2015. The changes in revenue by operating segment consisted of the following:

Drilling & Subsea segment — Revenue decreased \$98.3 million, or 60.1%, to \$65.3 million during the three months ended March 31, 2016 compared to the three months ended March 31, 2015 as a result of decreased oil and natural gas drilling and well completions activity in North America and reduced investments in deepwater oil and gas projects globally. The U.S. average rig count decreased 61% compared to the prior year period resulting in decreased sales of our drilling equipment products. We also recognized lower revenue compared to the prior year period on our subsea products as construction of vessels requiring our workclass remote operated vehicles and associated systems and other deepwater projects were delayed.

Completions segment — Revenue decreased \$60.2 million, or 63.7%, to \$34.3 million during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The decrease in revenue was attributable to decreased well completions activity in North America, hence lower sales of our casing and cementing equipment, products sold to pressure pumping service providers and pressure control capital equipment.

Production & Infrastructure segment — Revenue decreased \$30.0 million, or 33.2%, to \$60.5 million during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The decrease in revenue was primarily attributable to lower sales of our surface production equipment to exploration and production operators and to a lesser extent, lower sales of our valves to the upstream sector. The demand for our midstream and downstream valves has been more resilient.

Segment operating income and segment operating margin percentage

Segment operating income (loss) for the three months ended March 31, 2016, decreased \$65.0 million to \$(24.9) million compared to the three months ended March 31, 2015. The segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. For the three months ended March 31, 2016, the segment operating margin percentage of (15.6)% represents a decrease from the 11.5% operating margin percentage for three months ended March 31, 2015. In addition to the impact of lower prices for our products resulting from increased competition, the change in operating margin percentage for each segment is explained as follows:

Drilling & Subsea segment — The operating margin percentage for this segment decreased to (15.0)% for the three months ended March 31, 2016, from 12.1% for the three months ended March 31, 2015. The first quarter of 2016 and 2015 included \$0.5 million and \$3.6 million, respectively of severance and facility closure costs incurred to reduce our cost structure in line with current market activity levels. Excluding these charges, the operating margins were (14.2)% for the three months ended March 31, 2016 and 14.3% for the comparable period in 2015. The main driver for this decrease in operating margin percentage is the lower activity levels, which have caused a loss of manufacturing scale efficiencies. We believe that adjusted operating margins excluding the costs described above are useful for investors to assess operating performance especially when comparing periods.

Completions segment — The operating margin percentage for this segment decreased to (18.8)% for the three months ended March 31, 2016, from 21.8% for the three months ended March 31, 2015. The decrease in operating margin percentage is due to reduced operating leverage on lower volumes and pricing pressure especially on consumable flow equipment sold to pressure pumping service companies. Also impacting margins was lower earnings from our investment in Global Tubing, LLC.

Production & Infrastructure segment — The operating margin percentage for this segment decreased to (2.3)% for the three months ended March 31, 2016, from 8.8% for the three months ended March 31, 2015. The current quarter segment operating income (loss) includes \$2.0 million of costs related to facility consolidation. The decrease in operating margin percentage was attributable to higher competition for fewer sales of our surface production equipment on lower activity levels, and reduced operating leverage on lower volumes. The operating margins for our valve products have been more resilient as demand for midstream and downstream valves remains strong.

Corporate — Selling, general and administrative expenses for Corporate decreased by \$1.0 million, or 12.5% to \$7.2 million, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, due to lower personnel costs and lower professional fees. Corporate costs include, among other items, payroll related costs for

general management and management of finance and administration, legal, human resources and information technology; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income

Several items are not included in segment operating income, but are included in total operating income. These items include transaction expenses, and gains and losses from the sale of assets. 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 \$0.2 million for the three months ended March 31, 2016 and \$0.2 million for the three months ended March 31, 2015.

Other income and expense

Other income and expense includes interest expense and foreign exchange gains and losses. We incurred \$7.1 million of interest expense during the three months ended March 31, 2016, a decrease of \$0.5 million from the three months ended March 31, 2015 on lower outstanding indebtedness. The foreign exchange gains or losses are primarily the result of movements in the British pound and the Euro relative to the U.S. dollar. In the three months ended March 31, 2016, we wrote off \$2.6 million of deferred financing costs as a result of the amendment of our Credit Facility in the first quarter of 2016 reducing the size of the undrawn revolving credit line.

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 31.2% for the three months ended March 31, 2016 and 27.0% for the three months ended March 31, 2015. The tax rate for the three months ended March 31, 2016 is higher than the comparable period in 2015 primarily due to the proportion of losses being generated in the United States, which are benefited at a higher statutory tax rate, as compared to earnings being generated outside the United States in jurisdictions subject to lower tax rates.

Liquidity and capital resources

Sources and uses of liquidity

At March 31, 2016, we had cash and cash equivalents of \$132.0 million and total debt of \$396.3 million. We believe that cash on hand and cash generated from operations will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations for the foreseeable future.

Our total 2016 capital expenditure budget is approximately \$20.0 million, which consists of, among other items, investments in maintaining and consolidating certain manufacturing facilities, replacing end of life machinery and equipment, maintaining our rental fleet of subsea equipment, and general capital expenditures. This budget does not include expenditures for potential business acquisitions.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. We expanded and diversified our product portfolio with the acquisition of one business in the first quarter of 2015 for total consideration of \$61.9 million. We used cash on hand and borrowings under the Credit Facility to finance this acquisition. 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.

Our cash flows for the three months ended March 31, 2016 and 2015 are presented below (in millions):

	Three Months Ended March 31,			
	2016		2015	
Net cash provided by operating activities	\$	26.9	\$	48.5
Net cash used in investing activities		(4.0)		(71.6)
Net cash provided by (used in) financing activities		(0.5)		34.7
Net increase in cash and cash equivalents	\$	22.7	\$	7.3

Cash flows provided by operating activities

Net cash provided by operating activities was \$26.9 million and \$48.5 million for the three months ended March 31, 2016 and 2015, respectively. Cash provided by operations decreased primarily as a result of lower earnings, offset by positive cash flow resulting from lower investments in working capital.

Cash flows used in investing activities

Net cash used in investing activities was \$4.0 million and \$71.6 million for the three months ended March 31, 2016 and 2015, respectively. The decrease was primarily due to no acquisitions in the first quarter of 2016 compared to \$60.8 million of consideration paid for an acquisition in the first quarter of 2015. Capital expenditures for the three months ended March 31, 2016 were \$4.3 million as compared to \$11.4 million for the comparable prior period as we have reduced our capital budgets to maintenance levels.

Cash flows used in financing activities

Net cash used in financing activities was \$0.5 million for the three months ended March 31, 2016, compared to cash provided by financing activities of \$34.7 million for the three months ended March 31, 2015. The decrease resulted from our not closing any acquisitions in the three months ended March 31, 2016, while we partially funded one acquisition in the three months ended March 31, 2015 by drawing on our Credit Facility.

Senior Notes Due 2021

The Senior Notes bear interest at a rate of 6.250% per annum, payable on April 1 and October 1 of each year, and mature on October 1, 2021. The Senior Notes are senior unsecured obligations guaranteed on a senior unsecured basis by our subsidiaries that guarantee the Credit Facility and rank junior to, among other indebtedness, the Credit Facility to the extent of the value of the collateral securing the Credit Facility.

Credit Facility

On February 25, 2016, the Company amended its senior secured Credit Facility to reduce commitment fees and provide borrowing capacity for general corporate purposes. The Amended Facility provides for a revolving credit line of up to \$200.0 million, including up to \$25.0 million available for letters of credit and up to \$10.0 million in swingline loans. Availability under the Amended Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the United States, United Kingdom and Canada, eligible inventory in the United States, and cash on hand.

The Amended Facility reduced our borrowing capacity from \$600.0 million to \$200.0 million, as such the Company has written off \$2.6 million of the deferred financing costs related to the credit facility.

There have been no changes to the Amended Facility financial covenants disclosed in Item 7 of our 2015 Annual Report on Form 10-K. As of March 31, 2016, we were in compliance with all financial covenants. We had no borrowings outstanding under our Credit Facility, and we had \$10.5 million of outstanding letters of credit. Subsequent to March 31, 2016, upon the completion of the bank's borrowing base audit, we had the capacity to borrow an additional \$189.5 million subject to certain limitations in the Credit Facility. If our adjusted EBITDA levels do not increase in future quarters, our borrowing capacity under the Amended Facility could be reduced.

Off-balance sheet arrangements

As of March 31, 2016, we had no off-balance sheet instruments or financial arrangements, other than operating leases and letters of credit entered into in the ordinary course of business.

Contractual obligations

Except for net repayments under the Amended Facility, as of March 31, 2016, 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 three months ended March 31, 2016. For a detailed discussion of our critical accounting policies and estimates, refer to our 2015 Annual Report on Form 10-K.

Recent accounting pronouncements

In March and April 2016, the FASB issued Accounting Standards Update ("ASU") No.2016-10, Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing, and No. 2016-08 Revenue from Contracts with Customers (Topic 606) - Principal versus Agent Considerations. ASU no. 2016-10 amended and clarified the guidance in the new revenue standard on identifying performance obligation and accounting for licenses of intellectual property and addressed the implementation issues. ASU no. 2016-08 amended the guidance in the new revenue standard on assessing whether an entity is a principal or an agent in a revenue transaction, which impacts whether an entity reports revenue on a gross or net basis. Both standards will take effect for public companies for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We are currently evaluating the impact of the adoption of the above guidance.

In March 2016, the FASB issued ASU No.2016-09, Improvements to Employee Share-Based Payment Accounting. This new guidance includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements: a) All excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement; b) Excess tax benefits should be classified along with other income tax cash flows as an operating activity; c) An entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur; d) The threshold to qualify for equity classification permits withholding up to the maximum statutory tax rates in the applicable jurisdictions; e) Cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity. There are also two additional provisions for non-public entities that do not apply to us. The standard will take effect for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are currently evaluating the impact of the adoption of this guidance.

In February 2016, the FASB issued ASU No.2016-02, Leases. Under this new guidance, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than twelve months. The standard will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. We are currently evaluating the impact of the adoption of this guidance.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. The new standard is to be effective for the fiscal year beginning after December 15, 2017. Companies are able to early adopt the pronouncement, however not before fiscal years beginning after December 15, 2016. We are currently evaluating the impacts of the adoption and the implementation approach to be used.

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, 2015. 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 2015 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 March 31, 2016. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2016 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 March 31, 2016 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 10, 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

Our Board of Directors authorized on October 27, 2014, a share repurchase program for the repurchase of outstanding shares of our common stock having an aggregate purchase price of up to \$150 million. Our Amended Facility prohibits us from repurchasing shares.

Shares of common stock purchased and placed in treasury during the three months ended March 31, 2016 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 value of shares that may yet be purchased under the plan or program (in thousands)
January 1, 2016 - January 31, 2016	—	\$ —	—	\$ 49,752
February 1, 2016 - February 29, 2016	—	\$ —	—	—
March 1, 2016 - March 31, 2016	—	\$ —	—	—
Total	—	\$ —	—	\$ 49,752

(a) No shares were purchased during the three months ended March 31, 2016.

Item 6. Exhibits

Exhibit Number	DESCRIPTION
10.1*	Form of Restricted Stock Unit Agreement (Directors).
10.2*	Form of Restricted Stock Agreement (Directors).
10.3*	Form of Restricted Stock Unit Agreement (Employees and Consultants - Group 1)
10.4*	Form of Restricted Stock Unit Agreement (Employees and Consultants - Group 2)
10.5*	Form of Restricted Stock Agreement (Employees and Consultants).
10.6*	Form of Nonstatutory Stock Option Agreement (Employees and Consultants).
10.7*	Form of Performance Share Award Agreement (Employees and Consultants).
10.8**	Amendment No. 1 to Second Amended and Restated Credit Agreement, dated as of February 25, 2016, by and among Forum Energy Technologies, Inc., as borrower, the guarantors party thereto, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent. (incorporated herein by reference to Exhibit 10.1 on the Company's Current Report on Form 8-K, filed on February 25, 2016).
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.

**Previously filed.

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: May 3, 2016

By: /s/ James W. Harris

James W. Harris

Executive 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 Chief Accounting Officer

(As Duly Authorized Officer and Principal Accounting Officer)

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this “Agreement”) is made as of the ___ day of _____, 2016 (the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (the “Director”).

1. **Award**. Pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the “Plan”), the Director is hereby awarded [**number of units**] units (the “RSUs”) evidencing the right to receive an equivalent number of shares of the Company’s common stock, par value \$.01 per share (the “Common Stock”), subject to certain restrictions thereon. The Director acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment**.

(a) **Restrictions**. The RSUs may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, and in the event of termination of the Director’s service on the Board for any reason whatsoever, the Director shall, for no consideration, forfeit all unvested RSUs. The obligation to forfeit RSUs upon termination of service as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.”

(b) **Lapse of Forfeiture Restrictions.** Provided that the Director has served continuously on the Board from the Date of Grant through **[insert date]**, the Forfeiture Restrictions shall lapse. Notwithstanding the foregoing, if a Change in Control occurs and the Director has served continuously on the Board from the Date of Grant to the date upon which such Change in Control occurs, then the Forfeiture Restrictions shall lapse with respect to the RSUs on the date upon which such Change in Control occurs.

3. **Settlement and Delivery of Stock.** Settlement of RSUs shall be made no later than 15 days after the lapse of Forfeiture Restrictions, or, if the RSUs have been deferred, in accordance with the terms of the 2016 Restricted Stock Unit Deferral and Distribution Election Form (distributed separately from this Agreement). Settlement will be made by issuance of shares of Common Stock. Notwithstanding the foregoing, the Company shall not be obligated to issue any shares of Common Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

4. **Shareholder Rights.** The Director shall have no rights to dividends or other rights of a shareholder with respect to shares of Common Stock subject to this award of RSUs unless and until such time as the award has been settled by the issuance of shares of Common Stock to the Director. The Director shall have the right to receive a cash dividend equivalent payment with respect to the RSUs for the period beginning on the Date of Grant and ending on the date the shares of Common Stock are issued to the Director in settlement of the RSUs, which shall be payable at the same time as cash dividends on Common Stock are paid to Company stockholders.

5. **Corporate Acts.** The existence of the RSUs shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 2(a) hereof shall not apply to the transfer of RSUs pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions.

6. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Director.

7. **Amendment.** Any modification of this Agreement shall be effective only if it is in writing and signed by both the Director and an authorized officer of the Company.

8. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Director has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

DIRECTOR

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this “Agreement”) is made as of the ___ day of _____, 2016 (the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (the “Director”).

1. **Award.** Pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the “Plan”), as of the Date of Grant, [**number of shares**] shares (the “Restricted Shares”) of the Company’s common stock, par value \$.01 per share, shall be issued as hereinafter provided in the Director’s name subject to certain restrictions thereon. The Director acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof.

2. **Definitions.** Capitalized terms used in this Agreement that are not defined below or in the body of this Agreement shall have the meanings given to them in the Plan. In addition to the terms defined in the body of this Agreement, the following capitalized words and terms shall have the meanings indicated below:

- (a) “Earned Shares” means the Restricted Shares after the lapse of the Forfeiture Restrictions without forfeiture.
- (b) “Forfeiture Restrictions” shall have the meaning specified in Section 3(a) hereof.
- (c) “Securities Act” means the Securities Act of 1933, as amended.

3. **Restricted Shares.** The Director hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) **Forfeiture Restrictions.** The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of and in the event of termination of the Director’s service on the Board for any reason whatsoever, the Director shall, for no consideration, forfeit all unvested Restricted Shares. The obligation to forfeit and surrender Restricted Shares to the Company upon termination of service as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.” The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) **Lapse of Forfeiture Restrictions.** Provided that the Director served continuously on the Board from the Date of Grant through [**insert date**], the Forfeiture Restrictions shall lapse. Notwithstanding the foregoing, if a Change in Control occurs and the Director has served continuously on the Board from the Date of Grant to the date upon which such Change in Control occurs, then the Forfeiture Restrictions shall lapse with respect to the Restricted Shares on the date upon which such Change in Control occurs.

Exhibit 10.2

(c) **Certificates.** A certificate evidencing the Restricted Shares shall be issued by the Company in the Director's name, pursuant to which the Director shall have all of the rights of a stockholder of the Company with respect to the Restricted Shares, including, without limitation, voting rights and the right to receive dividends (provided, however, that dividends paid in shares of the Company's stock shall be subject to the Forfeiture Restrictions and further provided that dividends that are paid other than in shares of the Company's stock shall be paid no later than the end of the calendar year in which the dividend for such class of stock is paid to stockholders of such class or, if later, the 15th day of the third month following the date the dividend is paid to stockholders of such class of stock). Notwithstanding the foregoing, the Company may, in its discretion, elect to complete the delivery of the Restricted Shares by means of electronic, book-entry statement, rather than issuing physical share certificates. The Director may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions have expired, and a breach of the terms of this Agreement shall cause a forfeiture of the Restricted Shares. The certificate, if any, shall be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Committee as a depository for safekeeping until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this Agreement. At the Company's request, the Director shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend (except for any legend required pursuant to applicable securities laws or any agreement to which the Director is a party) in the name of the Director in exchange for the certificate evidencing the Restricted Shares or, as may be the case, the Company shall issue appropriate instructions to the transfer agent if the electronic, book-entry method is utilized.

(d) **Corporate Acts.** The existence of the Restricted Shares shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 3(a) hereof shall not apply to the transfer of Restricted Shares pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions and provisions governing the lapsing of such Forfeiture Restrictions applicable to the original Restricted Shares for all purposes of this Agreement, and the certificates, if any, representing such stock, securities or other property shall be legended to show such restrictions.

4. **Status of Stock.** The Director understands that at the time of the execution of this Agreement the sale of the Restricted Shares has not been registered under the Securities Act or any state securities law and that the Company does not currently intend to effect any such registration.

The Director agrees that the Restricted Shares and the Earned Shares when issued under this Agreement are being acquired for investment without a view to distribution, within the meaning of the Securities Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the

Exhibit 10.2

absence of (a) an effective registration statement for the sale of such shares under the Securities Act and applicable state securities laws or (b) if requested by the Company, the delivery by the Director to the Company of a written opinion of legal counsel, who shall be satisfactory to the Company, addressed to the Company and satisfactory in form and substance to the Company's counsel, to the effect that an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws is available. The Director also agrees that the Restricted Shares and Earned Shares issued under this Agreement will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws.

In addition, the Director agrees that (a) the certificates, if any, representing the Restricted Shares and Earned Shares may bear such legend or legends as the Committee deems appropriate in order to reflect the Forfeiture Restrictions and to assure compliance with applicable securities laws, (b) the Company may refuse to register the transfer of the Restricted Shares or Earned Shares on the stock transfer records of the Company if such proposed transfer would constitute a violation of the Forfeiture Restrictions or, in the opinion of counsel satisfactory to the Company, of any applicable securities law, and (c) the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. **Notices.** Any notices or other communications provided for in this Agreement shall be sufficient if in writing. In the case of the Director, such notices or communications shall be effectively delivered if hand delivered to the Director at the Director's principal place of service or if sent by registered or certified mail to the Director at the last address the Director has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by registered or certified mail to the Company at its principal executive offices.

6. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Director. The provisions of Section 4 shall survive the lapse of the Forfeiture Restrictions without forfeiture.

7. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Restricted Shares granted hereby. Without limiting the scope of the preceding sentence, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both the Director and an authorized officer of the Company.

8. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Director has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

DIRECTOR

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 EMPLOYEE RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this “Agreement”) is made as of the ___ day of _____, 2016 (the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (the “Employee”).

1. **Award.** Pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the “Plan”), the Employee is hereby awarded [**number of units**] units (the “RSUs”) evidencing the right to receive an equivalent number of shares of the Company’s common stock, par value \$.01 per share (the “Common Stock”), subject to certain restrictions thereon. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment.**

(a) **Restrictions.** The RSUs may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, and except as otherwise provided in Section 3, in the event of the Employee’s termination of employment for any reason whatsoever, the Employee shall, for no consideration, forfeit all unvested RSUs. The obligation to forfeit unvested RSUs upon termination of employment as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.”

(b) **Lapse of Forfeiture Restrictions.** Provided that the Employee has been continuously employed by the Company or any of its Affiliates (collectively, the “Company Group”) from the Date of Grant through the lapse date set forth in the following schedule, the Forfeiture Restrictions shall lapse and the RSUs shall otherwise become vested with respect to a percentage of the RSUs determined in accordance with the following schedule:

<u>Vesting Date</u>	<u>Additional Percentage of Total Number of RSUs Vesting on Vesting Date</u>
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	25%
Third Anniversary of Date of Grant	25%
Fourth Anniversary of Date of Grant	25%

Except as otherwise provided in Section 3, any RSUs with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be

forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

3. **Termination of Employment.**

(a) **Death or Disability.** If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(a) above, each quarter of the RSUs described in Section 2(a) that are unvested as of the date of the Employee's death or Disability, as applicable, shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the RSUs, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's death or Disability, as applicable, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the RSUs would have vested pursuant to Section 2(a). Any remaining unvested RSUs shall be forfeited. The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the Employee's death or Disability, as applicable. For purposes of this Section 3(a), an Employee shall become "Disabled" or have a "Disability" on the date that the Employee becomes eligible for long-term disability benefits pursuant to the Company's long-term disability plan.

(b) **Retirement.** If the Employee's employment with the Company Group is terminated by reason of Retirement (as defined below), to the extent not previously vested pursuant to Section 2(a) above, each quarter of the RSUs described in Section 2(a) that are unvested as of the date of the Employee's Retirement shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the RSUs, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's Retirement, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the RSUs would have vested pursuant to Section 2(a). The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the date of the Employee's Retirement. For purposes of this Section 3(b), "Retirement" shall mean termination of the Employee's service relationship with all members of the Company Group which is specifically determined by the Committee to constitute Retirement.

(c) **Change in Control.** If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, the Employee's employment with the Company Group is terminated involuntarily by the Company Group without Cause (as defined below) or by the Employee for Good Reason (as defined below), then any unvested RSUs held by the Employee at the time of the Employee's termination of employment shall become fully vested. The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the date of the Employee's termination of employment. For purposes of this Section 3(c), "Cause" shall mean a determination by the Company that the Employee has engaged in gross negligence or willful misconduct in the performance of the Employee's duties with respect to the Company or any of its Affiliates; has materially breached any provision of any written agreement or corporate policy or code of conduct established by the Company or any of its Affiliates; has willfully engaged

in conduct that is materially injurious to the Company or any of its Affiliates; or has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

For purposes of this Section 3(c), “Good Reason” shall mean the occurrence of any of the following events without the Employee’s express written consent:

- (i) a change in the Employee’s status, title or position with the Company Group, including as an officer of the Company, which, in the Employee’s good faith judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Employee’s status, title or position as in effect immediately prior thereto; the assignment to the Employee of any duties or responsibilities which, in the Employee’s good faith judgment, are inconsistent with the Employee’s status, title or position in effect immediately prior to such assignment; the withdrawal from the Employee of any duties or responsibilities which, in the Employee’s good faith judgment, are consistent with such status, title or position in effect immediately prior to such withdrawal; or any removal of the Employee from or any failure to reappoint or reelect the Employee to any position; provided that the circumstances described in this item (i) do not apply as a result of the Employee’s death, Retirement, or Disability or following receipt by the Employee of written notice from the Company of the termination of the Employee’s employment for Cause;
- (ii) a reduction by the Company in the Employee’s then current base salary;
- (iii) the failure by the Company to continue in effect any benefit or compensation plan in which the Employee was participating immediately prior to such failure other than as a result of the normal expiration or amendment of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would adversely affect the Employee’s continued participation in any benefit or compensation plan on at least as favorable a basis to the Employee as is the case immediately prior to the action or failure to act or which would materially reduce the Employee’s benefits under any such plan or deprive the Employee of any material benefit enjoyed by the Employee immediately prior to the action or failure to act;
- (iv) the relocation of the principal place of the Employee’s employment to a location 25 miles further from the Employee’s then current principal residence;
- (v) the failure by the Company upon a Change in Control to obtain an agreement, satisfactory to the Employee, from any successor or assign of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no succession or assignment had taken place; or

(vi) any material default by the Company in the performance of its obligations under this Agreement.

Any event or condition described in provisions (i) through (vi) above which occurs prior to the effective date of any Change in Control, but which the Employee reasonably demonstrates (x) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (y) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to such effective date. The Employee's continued employment or failure to give the Company any notice of termination for Good Reason shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. For purposes of this Section 3(c), any good faith determination of Good Reason made by the Employee shall be conclusive.

4. **Settlement and Delivery of Stock.** Except as otherwise provided in Section 2(b) or 3, settlement of RSUs shall be made no later than 15 days after the lapse of Forfeiture Restrictions. Settlement will be made by issuance of shares of Common Stock. Notwithstanding the foregoing, the Company shall not be obligated to issue any shares of Common Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

5. **Shareholder Rights.** The Employee shall have no rights to dividends or other rights of a shareholder with respect to shares of Common Stock subject to this award of RSUs unless and until such time as the award has been settled by the issuance of shares of Common Stock to the Employee. The Employee shall have the right to receive a cash dividend equivalent payment with respect to the RSUs for the period beginning on the Date of Grant and ending on the date the shares of Common Stock are issued to the Employee in settlement of the RSUs, which shall be payable at the same time as cash dividends on Common Stock are paid to Company stockholders.

6. **Corporate Acts.** The existence of the RSUs shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 2(a) hereof shall not apply to the transfer of RSUs pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions.

7. **Withholding of Tax.** To the extent that the settlement of RSUs results in compensation income or wages to the Employee for federal, state, local or foreign tax purposes, the Company shall withhold an appropriate number of shares of Common Stock, having a Fair Market Value determined in accordance with the Plan, equal to the amount necessary to satisfy the minimum federal, state, local and foreign tax withholding obligation with respect to the settled RSUs. The issuance of shares of Common Stock described in Section 4 will be net of such shares of Common Stock that are withheld to satisfy applicable taxes pursuant to this Section 7. In lieu of withholding of shares of Common Stock, the Committee may, in its discretion, authorize tax withholding to be satisfied by a cash payment to the Company, by withholding an appropriate amount of cash from base pay, or by such other method as the Committee determines may be appropriate to satisfy all obligations for withholding of such taxes. The Employee acknowledges and agrees that the Company is making no representation or warranty as to the tax consequences to the Employee as a result of the receipt of the RSUs, the lapse of any Forfeiture Restrictions or the issuance of shares of Common Stock pursuant thereto, or the forfeiture of any RSUs pursuant to the Forfeiture Restrictions.

8. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company Group at the time of the termination of the “Affiliate” status of the entity or other organization that employs the Employee. Nothing in the adoption of the Plan, nor the award of the RSUs thereunder pursuant to this Agreement, shall confer upon the Employee the right to continued employment by the Company Group or affect in any way the right of the Company Group to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee’s employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company Group for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and its determination shall be final.

9. **Section 409A.** The award of RSUs is intended to be (i) exempt from Section 409A of the Code (“Section 409A”) including, but not limited to, by reason of compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4); or (ii) in compliance with Section 409A, and the provisions of this Agreement shall be administered, interpreted and construed accordingly. If the Employee is identified by the Company as a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Employee has a “separation from service” (other than due to death) within the meaning of Section 1.409A-1(h) of the Treasury Regulations, notwithstanding the provisions of Sections 2 or 3 hereof, any transfer of shares payable on account of a separation from service that are deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee’s separation from service or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a “separation from service” with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

10. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

11. **Amendment.** Any modification of this Agreement shall be effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 EMPLOYEE RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this “Agreement”) is made as of the ___ day of _____, 2016 (the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (the “Employee”).

1. **Award.** Pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the “Plan”), the Employee is hereby awarded [**number of units**] units (the “RSUs”) evidencing the right to receive an equivalent number of shares of the Company’s common stock, par value \$.01 per share (the “Common Stock”), subject to certain restrictions thereon. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment.**

(a) **Restrictions.** The RSUs may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, and except as otherwise provided in Section 3, in the event of the Employee’s termination of employment for any reason whatsoever, the Employee shall, for no consideration, forfeit all unvested RSUs. The obligation to forfeit unvested RSUs upon termination of employment as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.”

(b) **Lapse of Forfeiture Restrictions.** Provided that the Employee has been continuously employed by the Company or any of its Affiliates (collectively, the “Company Group”) from the Date of Grant through the lapse date set forth in the following schedule, the Forfeiture Restrictions shall lapse and the RSUs shall otherwise become vested with respect to a percentage of the RSUs determined in accordance with the following schedule:

<u>Vesting Date</u>	<u>Additional Percentage of Total Number of RSUs Vesting on Vesting Date</u>
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	25%
Third Anniversary of Date of Grant	25%
Fourth Anniversary of Date of Grant	25%

Except as otherwise provided in Section 3, any RSUs with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be

forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

3. **Termination of Employment.**

(a) **Death or Disability.** If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(a) above, each quarter of the RSUs described in Section 2(a) that are unvested as of the date of the Employee's death or Disability, as applicable, shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the RSUs, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's death or Disability, as applicable, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the RSUs would have vested pursuant to Section 2(a). Any remaining unvested RSUs shall be forfeited. The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the Employee's death or Disability, as applicable. For purposes of this Section 3(a), an Employee shall become "Disabled" or have a "Disability" on the date that the Employee becomes eligible for long-term disability benefits pursuant to the Company's long-term disability plan.

(b) **Retirement.** If the Employee's employment with the Company Group is terminated by reason of Retirement (as defined below), to the extent not previously vested pursuant to Section 2(a) above, each quarter of the RSUs described in Section 2(a) that are unvested as of the date of the Employee's Retirement shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the RSUs, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's Retirement, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the RSUs would have vested pursuant to Section 2(a). The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the date of the Employee's Retirement. For purposes of this Section 3(b), "Retirement" shall mean termination of the Employee's service relationship with all members of the Company Group which is specifically determined by the Committee to constitute Retirement.

(c) **Change in Control.** If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, the Employee's employment with the Company Group is terminated involuntarily by the Company Group without Cause (as defined below) or by the Employee for Good Reason (as defined below), then any unvested RSUs held by the Employee at the time of the Employee's termination of employment shall become fully vested and exercisable and all Forfeiture Restrictions shall immediately lapse. The shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the date of the Employee's termination of employment. For purposes of this Section 3(c), "Cause" shall mean a determination by the Company that the Employee has engaged in gross negligence or willful misconduct in the performance of the Employee's duties with respect to the Company or any of its Affiliates; has materially breached any provision of any written agreement or corporate policy or code of conduct

established by the Company or any of its Affiliates; has willfully engaged in conduct that is materially injurious to the Company or any of its Affiliates; or has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction). For purposes of this Section 3(c), "Good Reason" shall mean the occurrence of any of the following events without the Employee's consent: (i) a material reduction in the Employee's base rate of compensation from that in effect prior to the Change in Control, (ii) a material diminution in the Employee's authority, duties or responsibilities from those in effect prior to the Change in Control or (iii) the involuntary relocation of the geographic location of the Employee's principal place of employment by more than 75 miles from the location of the Employee's principal place of employment prior to the Change in Control. Notwithstanding the foregoing, any assertion by the Employee of a termination of employment for Good Reason shall not be effective unless: (x) the Employee provides written notice to the Company of such condition within 45 days of the initial existence of the condition; (y) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (z) the date of the Employee's termination of employment must occur within 90 days after the initial existence of the condition specified in such notice.

4. **Settlement and Delivery of Stock.** Except as otherwise provided in Section 2(b) or 3, settlement of RSUs shall be made with 15 days after the lapse of Forfeiture Restrictions. Settlement will be made by issuance of shares of Common Stock. Notwithstanding the foregoing, the Company shall not be obligated to issue any shares of Common Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

5. **Shareholder Rights.** The Employee shall have no rights to dividends or other rights of a shareholder with respect to shares of Common Stock subject to this award of RSUs unless and until such time as the award has been settled by the issuance of shares of Common Stock to the Employee. The Employee shall have the right to receive a cash dividend equivalent payment with respect to the RSUs for the period beginning on the Date of Grant and ending on the date the shares of Common Stock are issued to the Employee in settlement of the RSUs, which shall be payable at the same time as cash dividends on Common Stock are paid to Company stockholders.

6. **Corporate Acts.** The existence of the RSUs shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 2(a) hereof shall not apply to the transfer of RSUs pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions.

7. **Withholding of Tax.** To the extent that the settlement of RSUs results in compensation income or wages to the Employee for federal, state, local or foreign tax purposes, the Company shall withhold an appropriate number of shares of Common Stock, having a Fair Market Value determined in accordance with the Plan, equal to the amount necessary to satisfy the minimum federal, state, local and foreign tax withholding obligation with respect to the settled RSUs. The issuance of shares of Common Stock described in Section 4 will be net of such shares of Common Stock that are withheld to satisfy applicable taxes pursuant to this Section 7. In lieu of withholding of shares of Common Stock, the Committee may, in its discretion, authorize tax withholding to be satisfied by a cash payment to the Company, by withholding an appropriate amount of cash from base pay, or by such other method as the Committee determines may be appropriate to satisfy all obligations for withholding of such taxes. The Employee acknowledges and agrees that the Company is making no representation or warranty as to the tax consequences to the Employee as a result of the receipt of the RSUs, the lapse of any Forfeiture Restrictions or the issuance of shares of Common Stock pursuant thereto, or the forfeiture of any RSUs pursuant to the Forfeiture Restrictions.

8. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company Group at the time of the termination of the “Affiliate” status of the entity or other organization that employs the Employee. Nothing in the adoption of the Plan, nor the award of the RSUs thereunder pursuant to this Agreement, shall confer upon the Employee the right to continued employment by the Company Group or affect in any way the right of the Company Group to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee’s employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company Group for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and its determination shall be final.

9. **Section 409A.** The award of RSUs is intended to be (i) exempt from Section 409A of the Code (“Section 409A”) including, but not limited to, by reason of compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4); or (ii) in compliance with Section 409A, and the provisions of this Agreement shall be administered, interpreted and construed accordingly. If the Employee is identified by the Company as a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Employee has a “separation from service” (other than due to death) within the meaning of Section 1.409A-1(h) of the Treasury Regulations, notwithstanding the provisions of Sections 2 or 3 hereof, any transfer of shares payable on account of a separation from service that are deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee’s separation from service or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a “separation from service” with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

10. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

11. **Amendment.** Any modification of this Agreement shall be effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 EMPLOYEE RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this "Agreement") is made as of the ___ day of _____, 2016 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _____ (the "Employee").

1. **Award**. Pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the "Plan"), as of the Date of Grant, [**number of shares**] shares (the "Restricted Shares") of the Company's common stock, par value \$.01 per share, shall be issued as hereinafter provided in the Employee's name subject to certain restrictions thereon. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof.

2. **Definitions**. Capitalized terms used in this Agreement that are not defined below or in the body of this Agreement shall have the meanings given to them in the Plan. In addition to the terms defined in the body of this Agreement, the following capitalized words and terms shall have the meanings indicated below:

- (a) "Earned Shares" means the Restricted Shares after the lapse of the Forfeiture Restrictions without forfeiture.
- (b) "Securities Act" means the Securities Act of 1933, as amended.

3. **Restricted Shares**. The Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

Exhibit 10.5

(a) **Forfeiture Restrictions.** The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of. The obligation to forfeit and surrender unvested Restricted Shares to the Company upon termination of service as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.” The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) **Lapse of Forfeiture Restrictions.** Provided that the Employee has been continuously employed by the Company or any of its Affiliates (collectively, the “Company Group”) from the Date of Grant through the lapse date set forth in the following schedule, the Forfeiture Restrictions shall lapse with respect to a percentage of the Restricted Shares determined in accordance with the following schedule:

<u>Vesting Date</u>	<u>Additional Percentage of Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse</u>
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	25%
Third Anniversary of Date of Grant	25%
Fourth Anniversary of Date of Grant	25%

Except as otherwise provided in Section 4, any Restricted Shares with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 3(b) shall be forfeited to the Company for no consideration as of the date of the termination of the Employee’s employment with the Company.

(c) **Certificates.** A certificate evidencing the Restricted Shares shall be issued by the Company in the Employee’s name, pursuant to which the Employee shall have all of the rights of a stockholder of the Company with respect to the Restricted Shares, including, without limitation, voting rights and the right to receive dividends (provided, however, that dividends paid in shares of the Company’s stock shall be subject to the Forfeiture Restrictions and further provided that dividends that are paid other than in shares of the Company’s stock shall be paid no later than the end of the calendar year in which the dividend for such class of stock is paid to stockholders of such class or, if later, the 15th day of the third month following the date the dividend is paid to stockholders of such class of stock). Notwithstanding the foregoing, the Company may, in its discretion, elect to complete the delivery of the Restricted Shares by means of electronic, book-entry statement, rather than issuing physical share certificates. The Employee may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions have expired, and a breach of the terms of this Agreement shall cause a forfeiture of the Restricted Shares. The certificate, if any, shall be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Committee as a depository for safekeeping

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until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this Agreement. At the Company's request, the Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend (except for any legend required pursuant to applicable securities laws or any agreement to which the Employee is a party) in the name of the Employee in exchange for the certificate evidencing the Restricted Shares or, as may be the case, the Company shall issue appropriate instructions to the transfer agent if the electronic, book-entry method is utilized.

(d) **Corporate Acts.** The existence of the Restricted Shares shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 3(a) hereof shall not apply to the transfer of Restricted Shares pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions and provisions governing the lapsing of such Forfeiture Restrictions applicable to the original Restricted Shares for all purposes of this Agreement, and the certificates, if any, representing such stock, securities or other property shall be legended to show such restrictions.

4. **Termination of Employment.**

(a) **Death or Disability.** If the Employee dies or becomes Disabled, to the extent not previously vested pursuant to Section 3 above, the Restricted Shares described in Section 3 that are unvested as of the date of the Employee's death or Disability, as applicable, shall become vested Earned Shares in a pro rata amount determined by a fraction with respect to each unvested quarter of the Restricted Shares, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's death or Disability, as applicable, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the Restricted Shares would have vested pursuant to Section 3. Any remaining unvested Restricted Shares shall be forfeited.

(a) **Change in Control.** If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, the Employee's employment with the Company Group is terminated involuntarily by the Company Group without Cause (as defined below) or by the Employee for Good Reason (as defined below), then any Restricted Shares held by the Employee at the time of the Employee's termination of employment shall vest and become Earned Shares and all Forfeiture Restrictions shall immediately lapse. For purposes of this Section 4(b), "Cause" shall mean a determination by the Company that the Employee has engaged in gross negligence or willful misconduct in the performance of the Employee's duties with respect to the Company or any of its Affiliates; has materially breached any provision of any written agreement or corporate policy or

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code of conduct established by the Company or any of its Affiliates; has willfully engaged in conduct that is materially injurious to the Company or any of its Affiliates; or has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

For purposes of this Section 4(b), “Good Reason” shall mean the occurrence of any of the following events without the Employee’s express written consent:

- i a change in the Employee’s status, title or position with the Company Group, including as an officer of the Company, which, in the Employee’s good faith judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Employee’s status, title or position as in effect immediately prior thereto; the assignment to the Employee of any duties or responsibilities which, in the Employee’s good faith judgment, are inconsistent with the Employee’s status, title or position in effect immediately prior to such assignment; the withdrawal from the Employee of any duties or responsibilities which, in the Employee’s good faith judgment, are consistent with such status, title or position in effect immediately prior to such withdrawal; or any removal of the Employee from or any failure to reappoint or reelect the Employee to any position; provided that the circumstances described in this item (i) do not apply as a result of the Employee’s death, Retirement, or Disability or following receipt by the Employee of written notice from the Company of the termination of the Employee’s employment for Cause;
- ii a reduction by the Company in the Employee’s then current base salary;
- iii the failure by the Company to continue in effect any benefit or compensation plan in which the Employee was participating immediately prior to such failure other than as a result of the normal expiration or amendment of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would adversely affect the Employee’s continued participation in any benefit or compensation plan on at least as favorable a basis to the Employee as is the case immediately prior to the action or failure to act or which would materially reduce the Employee’s benefits under any such plan or deprive the Employee of any material benefit enjoyed by the Employee immediately prior to the action or failure to act;
- iv the relocation of the principal place of the Employee’s employment to a location 25 miles further from the Employee’s then current principal residence;
- v the failure by the Company upon a Change in Control to obtain an agreement, satisfactory to the Employee, from any successor or assign of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no succession or assignment had taken place; or

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vi any material default by the Company in the performance of its obligations under this Agreement.

Any event or condition described in provisions (i) through (vi) above which occurs prior to the effective date of any Change in Control, but which the Employee reasonably demonstrates (x) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (y) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to such effective date. The Employee's continued employment or failure to give the Company any notice of termination for Good Reason shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. For purposes of this Section 4(c), any good faith determination of Good Reason made by the Employee shall be conclusive.

5. **Status of Stock.** The Employee understands that at the time of the execution of this Agreement the sale of the Restricted Shares has not been registered under the Securities Act or any state securities law and that the Company does not currently intend to effect any such registration.

The Employee agrees that the Restricted Shares and the Earned Shares when issued under this Agreement are being acquired for investment without a view to distribution, within the meaning of the Securities Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of (a) an effective registration statement for the sale of such shares under the Securities Act and applicable state securities laws or (b) if requested by the Company, the delivery by the Employee to the Company of a written opinion of legal counsel, who shall be satisfactory to the Company, addressed to the Company and satisfactory in form and substance to the Company's counsel, to the effect that an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws is available. The Employee also agrees that the Restricted Shares and Earned Shares issued under this Agreement will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws.

In addition, the Employee agrees that (a) the certificates, if any, representing the Restricted Shares and Earned Shares may bear such legend or legends as the Committee deems appropriate in order to reflect the Forfeiture Restrictions and to assure compliance with applicable securities laws, (b) the Company may refuse to register the transfer of the Restricted Shares or Earned Shares on the stock transfer records of the Company if such proposed transfer would constitute a violation of the Forfeiture Restrictions or, in the opinion of counsel satisfactory to the Company, of any applicable securities law, and (c) the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

6. **Withholding of Tax.** To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in compensation income or wages to the Employee for federal, state, local or foreign tax purposes, the Company shall withhold an appropriate number of shares of Common Stock, having a Fair Market Value determined in accordance with the Plan, equal to the amount necessary to satisfy the minimum federal, state, local and foreign tax withholding obligation with respect to such resulting compensation income or wages. In lieu of withholding of

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shares of Common Stock, the Committee may, in its discretion, authorize tax withholding to be satisfied by a cash payment to the Company, by withholding an appropriate amount of cash from base pay, or by such other method as the Committee determines may be appropriate to satisfy all obligations for withholding of such taxes. The Employee acknowledges and agrees that the Company is making no representation or warranty as to the tax consequences to the Employee as a result of the receipt of the Restricted Shares, the lapse of any Forfeiture Restrictions or the forfeiture of any Restricted Shares pursuant to the Forfeiture Restrictions.

7. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company Group at the time of the termination of the “Affiliate” status of the entity or other organization that employs the Employee. Nothing in the adoption of the Plan, nor the award of the RSUs thereunder pursuant to this Agreement, shall confer upon the Employee the right to continued employment by the Company Group or affect in any way the right of the Company Group to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee’s employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company Group for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and its determination shall be final.

8. **Notices.** Any notices or other communications provided for in this Agreement shall be sufficient if in writing. In the case of the Employee, such notices or communications shall be effectively delivered if hand delivered to the Employee at the Employee’s principal place of employment or if sent by registered or certified mail to the Employee at the last address the Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by registered or certified mail to the Company at its principal executive offices.

9. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee. The provisions of Section 4 shall survive the lapse of the Forfeiture Restrictions without forfeiture.

10. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Restricted Shares granted hereby. Without limiting the scope of the preceding sentence, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

11. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 EMPLOYEE NONSTATUTORY STOCK OPTION AGREEMENT

This Nonstatutory Stock Option Agreement (this “Agreement”) is made as of ____ day of _____, 2016 the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (“Employee”).

To carry out the purposes of the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the “Plan”), by affording Employee the opportunity to purchase shares of the common stock of the Company, par value \$.01 per share (“Common Stock”), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Employee hereby agree as follows:

1. Grant of Option. The Company hereby irrevocably grants to Employee the right and option (“Option”) to purchase all or any part of an aggregate of [**Amount of Options**], shares Common Stock on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meaning attributed to such terms under the Plan, unless the context requires otherwise. This Option shall not be treated as an incentive stock option within the meaning of section 422(b) of the Code.

2. Purchase Price. The purchase price of Common Stock purchased pursuant to the exercise of this Option shall be \$9.39 per share, which has been determined to be not less than the Fair Market Value of a share of Common Stock at the Date of Grant. For all purposes of this Agreement, Fair Market Value of Common Stock shall be determined in accordance with the provisions of the Plan.

3. Exercise of Option. Subject to the earlier expiration of this Option as herein provided, this Option may be exercised, by written notice to the Company at its principal Employee office addressed to the attention of its Corporate Secretary (or such other officer or employee of the Company as the Company may designate from time to time), at any time and from time to time after the Date of Grant, but this Option shall not be exercisable for more than a percentage of the aggregate number of shares offered by this Option determined in accordance with the following schedule:

<u>Date Additional Option Shares Become Exercisable</u>	<u>Additional Percentage of Aggregate Option Shares Becoming Exercisable</u>
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	25%
Third Anniversary of Date of Grant	25%
Fourth Anniversary of Date of Grant	25%

Notwithstanding the schedule set forth above, if a Change in Control occurs and Employee has remained continuously employed by the Company or any of its Affiliates (collectively, the “Company Group”) from the Date of Grant to the date upon which such Change in Control occurs, then this Option shall be exercisable with respect to 100% of the shares offered by this Option from and after the date upon which such Change in Control occurs.

4. Termination of Employment. This Option may be exercised only while Employee remains an employee of the Company Group and will terminate and cease to be exercisable upon Employee’s termination of employment with the Company, except that:

(a) If Employee’s employment with the Company Group terminates by reason of Disability (as defined below), each quarter of the Option described in Section 3 that is unvested as of the date of Employee’s Disability shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the Option, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of Employee’s Disability, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the Option would have vested pursuant to Section 3. Any remaining unvested portion of this Option shall be forfeited. The vested portion of this Option may be exercised by Employee (or Employee’s estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) at any time during the period of one year following such termination, but only as to the number of shares Employee was entitled to purchase hereunder as of the date Employee’s employment so terminates. For purposes of this Section 4(a), a “Disability” occurs on the date that Employee becomes eligible for long-term disability benefits pursuant to the Company’s long-term disability plan.

(a) If Employee’s employment with the Company Group terminates by reason of death, each quarter of the Option described in Section 3 that is unvested as of the date of Employee’s death shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the Option, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of Employee’s death, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the Option would have vested pursuant to Section 3. Any remaining unvested portion of this Option shall be forfeited. Employee’s estate, or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee, may exercise the vested portion of this Option at any time during the period of one year following the date of Employee’s death, but only as to the number of shares Employee was entitled to purchase hereunder as of the date of Employee’s death.

(b) If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, the Employee’s employment with the Company

Group is terminated involuntarily by the Company Group without Cause (as defined below) or by the Employee for Good Reason (as defined below), each quarter of the Option described in Section 3 that is unvested as of the date of Employee's termination of employment shall become fully vested and exercisable. The vested portion of this Option may be exercised pursuant to Section 4(e) below. For purposes of this Section 4(c), "Cause" shall mean a determination by the Company that the Employee has engaged in gross negligence or willful misconduct in the performance of the Employee's duties with respect to the Company or any of its Affiliates; has materially breached any provision of any written agreement or corporate policy or code of conduct established by the Company or any of its Affiliates; has willfully engaged in conduct that is materially injurious to the Company or any of its Affiliates; or has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

For purposes of this Section 4(c), "Good Reason" shall mean the occurrence of any of the following events without the Employee's express written consent:

- (i) a change in the Employee's status, title or position with the Company Group, including as an officer of the Company, which, in the Employee's good faith judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Employee's status, title or position as in effect immediately prior thereto; the assignment to the Employee of any duties or responsibilities which, in the Employee's good faith judgment, are inconsistent with the Employee's status, title or position in effect immediately prior to such assignment; the withdrawal from the Employee of any duties or responsibilities which, in the Employee's good faith judgment, are consistent with such status, title or position in effect immediately prior to such withdrawal; or any removal of the Employee from or any failure to reappoint or reelect the Employee to any position; provided that the circumstances described in this item (i) do not apply as a result of the Employee's death, Retirement, or Disability or following receipt by the Employee of written notice from the Company of the termination of the Employee's employment for Cause;
- (ii) a reduction by the Company in the Employee's then current base salary;
- (iii) the failure by the Company to continue in effect any benefit or compensation plan in which the Employee was participating immediately prior to such failure other than as a result of the normal expiration or amendment of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would adversely affect the Employee's continued participation in any benefit or compensation plan on at least as favorable a basis to the Employee as is the case immediately prior to the action or failure to act or which would materially reduce the Employee's benefits under any such plan or deprive the Employee of any material benefit enjoyed by the Employee immediately prior to the action or failure to act;

- (iv) the relocation of the principal place of the Employee's employment to a location 25 miles further from the Employee's then current principal residence;
- (v) the failure by the Company upon a Change in Control to obtain an agreement, satisfactory to the Employee, from any successor or assign of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no succession or assignment had taken place; or
- (vi) any material default by the Company in the performance of its obligations under this Agreement.

Any event or condition described in provisions (i) through (vi) above which occurs prior to the effective date of any Change in Control, but which the Employee reasonably demonstrates (x) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (y) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to such effective date. The Employee's continued employment or failure to give the Company any notice of termination for Good Reason shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. For purposes of this Section 3(c), any good faith determination of Good Reason made by the Employee shall be conclusive.

(c) If Employee's employment with the Company Group terminates for any reason other than as described in (a), (b) or (c) above, this Option may be exercised by Employee at any time during the period of 30 days following such termination, or by Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) during a period of 30 days following Employee's death if Employee dies during such 30-day period, but in each case only as to the number of shares Employee was entitled to purchase hereunder as of the date Employee's employment so terminates.

(d) If Employee has remained continuously employed by the Company from the Date of Grant to the date upon which a Change in Control occurs, and if Employee's employment with the Company Group terminates for any reason on or after the date upon which such Change in Control occurs, then, notwithstanding the provisions of (a), (b) or (d) above, this Option may be exercised in full by Employee (or Employee's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) at any time on or before the expiration of 10 years from the Date of Grant.

(e) If Employee's employment with the Company Group terminates by reason of Retirement (as defined below), each quarter of the Option described in Section 3 that is unvested as of the date of Employee's Retirement shall become vested in a pro rata amount determined by a fraction with respect to each unvested quarter of the Option, the numerator

of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of Employee's Retirement, and the denominator of which shall be the number of months for the period beginning on the Date of Grant and ending on the corresponding anniversary of the date on which each such unvested quarter of the Option would have vested pursuant to Section 3. For purposes of this Section 4(e), "Retirement" shall mean termination of Employee's service relationship with all members of the Company Group which is specifically determined by the Committee to constitute Retirement.

Notwithstanding the preceding provisions of this Section 4, this Option shall not be exercisable in any event after the expiration of 10 years from the Date of Grant.

The purchase price of shares as to which this Option is exercised shall be paid in full at the time of exercise (a) in cash (including check, bank draft or money order payable to the order of the Company), (b) if permitted by the Committee in its sole discretion, by delivering or constructively tendering to the Company shares of Common Stock having a Fair Market Value equal to the purchase price (provided such shares used for this purpose must have been held by Employee for such minimum period of time as may be established from time to time by the Committee), (c) through a "cashless exercise" in accordance with a Company established policy or program for the same or (d) any combination of the foregoing. No fraction of a share of Common Stock shall be issued by the Company upon exercise of an Option or accepted by the Company in payment of the exercise price thereof; rather, Employee shall provide a cash payment for such amount as is necessary to effect the issuance and acceptance of only whole shares of Common Stock. Unless and until a certificate or certificates representing such shares shall have been issued by the Company to Employee, Employee (or the person permitted to exercise this Option in the event of Employee's death) shall not be or have any of the rights or privileges of a stockholder of the Company with respect to shares acquirable upon an exercise of this Option.

If Employee is subject to taxation in the United Kingdom, then the exercise of this Option will be effective only if accompanied by an election under Section 431(1) of the Income Tax (Earnings & Pensions) Act 2003 in the form attached as Appendix A completed as far as possible by Employee.

5. Withholding of Tax. To the extent that the grant or exercise of this Option or the disposition of shares of Common Stock acquired by exercise of this Option results in compensation income or wages to Employee for federal, state, local or foreign tax purposes, the Company shall withhold an appropriate number of shares of Common Stock, having a Fair Market Value determined in accordance with the Plan, equal to the amount necessary to satisfy the minimum federal, state, local and foreign tax withholding obligation with respect to this Option. The issuance of shares of Common Stock described in Section 3 will be net of such shares of Common Stock that are withheld to satisfy applicable taxes pursuant to this Section 5. In lieu of withholding of shares of Common Stock, the Committee may, in its discretion, authorize tax withholding to be satisfied by a cash payment to the Company, by withholding an appropriate amount of cash from base pay, or by such other method as the Committee determines may be appropriate to satisfy all obligations for withholding of such taxes.

6. Status of Common Stock. Employee understands that at the time of the execution of this Agreement the shares of Common Stock to be issued upon exercise of this Option have not been registered under the Securities Act, or any state securities law, and that the Company does not currently intend to effect any such registration. Until the shares of Common Stock acquirable upon the exercise of the Option have been registered for issuance under the Securities Act, the Company will not issue such shares unless, if requested by the Company, the holder of the Option provides the Company with a written opinion of legal counsel, who shall be satisfactory to the Company, addressed to the Company and satisfactory in form and substance to the Company's counsel, to the effect that the proposed issuance of such shares to such Option holder may be made without registration under the Securities Act. In the event exemption from registration under the Securities Act is available upon an exercise of this Option, Employee (or the person permitted to exercise this Option in the event of Employee's death or incapacity), if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

Employee agrees that the shares of Common Stock which Employee may acquire by exercising this Option shall be acquired for investment without a view to distribution, within the meaning of the Securities Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the sale of such shares under the Securities Act and applicable state securities laws or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws. Employee also agrees that the shares of Common Stock which Employee may acquire by exercising this Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws.

In addition, Employee agrees that (i) the certificates representing the shares of Common Stock purchased under this Option may bear such legend or legends as the Committee deems appropriate in order to assure compliance with the terms and provisions of the Stockholders Agreement and applicable securities laws, (ii) the Company may refuse to register the transfer of the shares of Common Stock purchased under this Option on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of the terms and provisions of the Stockholders Agreement or any applicable securities law, and (iii) the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the shares of Common Stock purchased under this Option.

7. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company Group as long as Employee remains an employee of any member of the Company Group. Without limiting the scope of the preceding sentence, it is expressly provided that Employee shall be considered to have terminated employment with the Company Group at the time of the termination of the “Affiliate” status under the Plan of the entity or other organization that employs Employee. Nothing in the adoption of the Plan, nor the award of this Option thereunder pursuant to this Agreement, shall affect in any way the right of Employee or the Company to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, Employee’s employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either Employee or the Company for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of Employee’s employment with the Company, and the cause of such termination, shall be determined by the Committee, and its determination shall be final.

8. Acknowledgements Regarding Taxation. Employee acknowledges and agrees that (a) he is not relying upon any written or oral statement or representation of the Company Group regarding the tax effects associated with Employee’s execution of this Agreement and his receipt, holding and exercise of this Option, and (b) in deciding to enter into this Agreement, Employee is relying on his own judgment and the judgment of the professionals of his choice with whom he has consulted. Employee hereby releases, acquits and forever discharges the Company Group from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with Employee’s execution of this Agreement and his receipt, holding and exercise of this Option.

9. Notices. Any notices or other communications provided for in this Option shall be sufficient if in writing. In the case of Employee, such notices or communications shall be effectively delivered if hand delivered to Employee at Employee’s principal place of employment or if sent by certified mail, return receipt requested, to Employee at the last address Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by certified mail, return receipt requested, to the Company at its principal executive offices.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

11. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Option granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment and/or severance agreement between the Company (or an Affiliate) and Employee in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both Employee and an authorized officer of the Company.

12. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2010 STOCK INCENTIVE PLAN**

2016 EMPLOYEE PERFORMANCE SHARE AGREEMENT

This Performance Award Agreement (this "Agreement") is made as of the ____ day of _____, 2016 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _____ (the "Employee").

1. **Award.** The Employee is hereby awarded [**number of shares**] performance shares (each a "Performance Share") pursuant to the Forum Energy Technologies, Inc. 2010 Stock Incentive Plan (the "Plan") which shall be allocated as the "Target Amount" as detailed in the chart below. The Performance Shares represent the opportunity to receive a number of shares of Common Stock based on the "Payout Multiplier" as defined in Exhibit A. The number of Performance Shares that are converted into "Earned Performance Shares" will be between 0% and 200% of the Target Amount. Each Performance Share that does not become an Earned Performance Share shall be forfeited.

This award of Performance Shares is being made subject to stockholder approval of the Company's 2016 Stock and Incentive Plan. If such stockholder approval is not obtained at the 2016 annual meeting of stockholders, then this award of Performance Shares shall be null and void and of no further force and effect.

The exact number of Performance Shares that shall be converted into Earned Performance Shares and issued to the Employee shall be based upon the achievement by the Company of the performance standards as set forth in Exhibit A hereto over three periods, each beginning on January 1, 2016 (the "Performance Beginning Date") and ending on December 31, 2016, and each of the first and second anniversary thereof, respectively, (each December 31, the "Performance End Date") (the period ending on each of the first, second and third Performance End Date is referred to as the "First Performance Period," the "Second Performance Period," and the "Third Performance Period," respectively). The determination by the Committee with respect to the achievement of such performance standards shall be made as soon as administratively practicable following each Performance Period after all necessary Company and peer information is available. The specific date on which such determination is formally made and approved by the Committee is referred to as the "Determination Date." After the Determination Date, the Company shall notify the Employee of the number of Earned Performance Shares, if any, and the corresponding number of shares of Common Stock to be issued to the Employee in satisfaction of the award. The shares of Common Stock shall be issued to the Employee on March 15 following the applicable Performance End Date (the "Settlement Date").

For each of the Performance Periods, the Target Amount, the Performance Beginning Date, the Performance End Date and the Settlement Date are detailed in the chart below:

<u>Performance Period</u>	<u>Target Amount</u>	<u>Performance Beginning Date</u>	<u>Performance End Date</u>	<u>Settlement Date</u>
First Performance Period		January 1, 2016	December 31, 2016	March 15, 2017
Second Performance Period		January 1, 2016	December 31, 2017	March 15, 2018
Third Performance Period		January 1, 2016	December 31, 2018	March 15, 2019

The performance standards are based on the Company’s Total Shareholder Return compared against the Peer Group. The methodology for calculating the number of Earned Performance Shares, including the definitions used therefor, is set forth in Exhibit A hereto.

The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Performance Shares shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement and Exhibit “A” hereto that are not defined herein shall have the meanings given to them in the Plan or Exhibit A, as applicable.

2. **Vesting/Forfeiture**. Except as otherwise provided in Section 3 below, the Performance Shares shall vest on the applicable Determination Date, provided the Employee is continuously employed by the Company or any of its Affiliates (collectively, the “Company Group”) through the applicable Determination Date. Except as otherwise provided in Section 3, the Performance Shares shall be automatically forfeited on the date of the Employee’s termination of employment.

3. **Termination of Employment**.

(a) **Death or Disability**. If prior to a Determination Date with respect to a Performance Period, the Employee dies or becomes Disabled, the Performance Shares shall vest on a pro rata basis determined by multiplying the applicable Target Amount of Performance Shares for each remaining Performance Period by a fraction (not greater than 1.0), the numerator of which is the number of months (not including any partial months) that have elapsed since the Performance Beginning Date to the date of the Employee’s death or Disability, as applicable, and the denominator of which is the total number of months in the applicable Performance Period. Any remaining unvested Performance Shares shall be forfeited. The shares of Common Stock in respect of the vested Performance Shares shall be issued to the Employee thirty (30) days after the date of the Employee’s death or Disability, as applicable. For purposes of this Section 3(a), the Employee shall become “Disabled” or have a “Disability” on the date that the Employee becomes eligible for long-term disability benefits pursuant to the Company’s long-term disability plan.

(b) **Retirement.** Provided the Employee remained continuously employed by the Company Group for the six (6) month period following the Date of Grant, if the Employee's employment with the Company Group is terminated prior to a Determination Date with respect to a Performance Period by reason of Retirement, the Performance Shares shall vest on a pro rata basis determined by multiplying the number of Performance Shares that would otherwise have been earned and vested on the applicable Determination Date by a fraction, the numerator of which is the number of months (not including any partial months) that have elapsed since the Performance Beginning Date to the date of the Employee's Retirement, and the denominator of which is the total number of months in the applicable Performance Period. The shares of Common Stock in respect of the Earned Performance Shares shall be based on the Payout Multiplier and shall be issued to the Employee on the applicable Settlement Date. Notwithstanding any other provision in this Section 3(b), if the Employee's Retirement occurs on or within two years after the date of consummation of such Change in Control that is a "change in control event" within the meaning of Treasury Regulation 1.409A-3(i)(5) (a "409A Change in Control Event"), the number of Earned Performance Shares shall be equal to the Target Amount for each applicable Performance Period and the shares of Common Stock in respect of the Earned Performance Shares shall be issued to the Employee thirty (30) days after the Employee's termination of employment. For purposes of this Section 3(b), "**Retirement**" shall mean termination of the Employee's service relationship with all members of the Company Group which is specifically determined by the Committee to constitute Retirement.

(c) **Change in Control.** If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, the Employee's employment with the Company Group is terminated involuntarily by the Company Group without Cause (as defined below) or by the Employee for Good Reason (as defined below), all Performance Shares with respect to each remaining Performance Period shall automatically vest and the number of Earned Performance Shares shall be equal to the Target Amount for each applicable Performance Period. If the Change in Control is a 409A Change in Control Event, shares of Common Stock in respect of the Earned Performance Shares shall be issued to the Employee thirty (30) days after the Employee's termination of employment; if the Change in Control is not a 409A Change in Control Event, the Shares of Common Stock in respect of the Earned Performance Shares shall be issued to the Employee on the applicable Settlement Date. For purposes of this Section 4(c), "**Cause**" shall mean a determination by the Company that the Employee has engaged in gross negligence or willful misconduct in the performance of the Employee's duties with respect to the Company or any of its Affiliates; has materially breached any provision of any written agreement or corporate policy or code of conduct established by the Company or any of its Affiliates; has willfully engaged in conduct that is materially injurious to the Company or any of its Affiliates; or has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

For purposes of this Section 3(c), "**Good Reason**" shall mean the occurrence of any of the following events without the Employee's express written consent:

- (i) a change in the Employee's status, title or position with the Company Group, including as an officer of the Company, which, in the Employee's good faith

judgment, does not represent a promotion, with commensurate adjustment of compensation, from the Employee's status, title or position as in effect immediately prior thereto; the assignment to the Employee of any duties or responsibilities which, in the Employee's good faith judgment, are inconsistent with the Employee's status, title or position in effect immediately prior to such assignment; the withdrawal from the Employee of any duties or responsibilities which, in the Employee's good faith judgment, are consistent with such status, title or position in effect immediately prior to such withdrawal; or any removal of the Employee from or any failure to reappoint or reelect the Employee to any position; provided that the circumstances described in this item (i) do not apply as a result of the Employee's death, Retirement, or Disability or following receipt by the Employee of written notice from the Company of the termination of the Employee's employment for Cause;

- (ii) a reduction by the Company in the Employee's then current base salary;
- (iii) the failure by the Company to continue in effect any benefit or compensation plan in which the Employee was participating immediately prior to such failure other than as a result of the normal expiration or amendment of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company which would adversely affect the Employee's continued participation in any benefit or compensation plan on at least as favorable a basis to the Employee as is the case immediately prior to the action or failure to act or which would materially reduce the Employee's benefits under any such plan or deprive the Employee of any material benefit enjoyed by the Employee immediately prior to the action or failure to act;
- (iv) the relocation of the principal place of the Employee's employment to a location 25 miles further from the Employee's then current principal residence;
- (v) the failure by the Company upon a Change in Control to obtain an agreement, satisfactory to the Employee, from any successor or assign of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no succession or assignment had taken place; or
- (vi) any material default by the Company in the performance of its obligations under this Agreement.

Any event or condition described in provisions (i) through (vi) above which occurs prior to the effective date of any Change in Control, but which the Employee reasonably demonstrates (x) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (y) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to such effective date. The Employee's continued employment or failure to give the Company any notice of termination for Good Reason shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. For

purposes of this Section 3(c), any good faith determination of Good Reason made by the Employee shall be conclusive.

4. **Settlement and Delivery of Stock.** Except as otherwise provided in Section 3(a) or 3(c), settlement of the Earned Performance Shares shall be made on the applicable Settlement Date. Settlement will be made by issuance of shares of Common Stock equal to the number of Earned Performance Shares. Notwithstanding the foregoing, the Company shall not be obligated to issue any shares of Common Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

5. **Shareholder Rights.** The Employee shall have no rights to dividend equivalent payments with respect to the Performance Shares and shall have no rights to dividends or other rights of a shareholder with respect to shares of Common Stock subject to this award of Performance Shares unless and until such time as the award has been settled by the issuance of shares of Common Stock to the Employee. Any Earned Performance Shares shall be subject to adjustment under Section XII(B) of the Plan with respect to dividends or other distributions that are paid in shares of Common Stock.

6. **Corporate Acts.** The existence of the Performance Shares shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

7. **Withholding.** To the extent that the vesting of the Performance Shares results in compensation income or wages to the Employee for federal, state, local or foreign tax purposes, the Employee shall deliver to the Company or to any Affiliate nominated by the Company at the time of such lapse, such amount of money or, if permitted by the Committee in its sole discretion, shares of Common Stock as the Company or any Affiliate nominated by the Company may require to meet its minimum obligation under applicable tax or social security laws or regulations, and if the Employee fails to do so, the Company and its Affiliates are authorized to withhold from any cash or stock remuneration (including withholding any shares of Common Stock distributable to the Employee under this Agreement) then or thereafter payable to the Employee any tax or social security required to be withheld by reason of such resulting compensation income or wages. The Employee acknowledges and agrees that the Company is making no representation or warranty as to the tax consequences to the Employee as a result of the receipt of the Performance Shares, vesting of the Performance Shares or the forfeiture of any Performance Shares pursuant to the Forfeiture Restrictions.

8. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee

of any member of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company at the time of the termination of the “Affiliate” status of the entity or other organization that employs the Employee.

Nothing in the adoption of the Plan, nor the award of the Performance Shares thereunder pursuant to this Agreement, shall confer upon the Employee the right to continued employment by the Company Group or affect in any way the right of the Company to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee’s employment by the Company Group shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company for any reason whatsoever, with or without cause or notice.

Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and its determination shall be final.

9. **Code Section 409A; No Guarantee of Tax Consequences.** The award of Performance Shares is intended to be (i) exempt from Section 409A of the Code (“Section 409A”) including, but not limited to, by reason of compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4); or (ii) in compliance with Section 409A, and the provisions of this Agreement shall be administered, interpreted and construed accordingly. If the Employee is identified by the Company as a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Employee has a “separation from service” (other than due to death) within the meaning of Section 1.409A-1(h) of the Treasury Regulations, notwithstanding the provisions of Section 5 hereof, any transfer of shares payable on account of a separation from service that are deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee’s separation from service, or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a “separation from service” with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

10. **Binding Effect; Survival.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

11. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to Performance Shares commencing on the Performance Beginning Date. Any modification of this Agreement shall be effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
Chairman, President and CEO

EMPLOYEE

Exhibit A

Methodology for Calculating Earned Performance Shares

1. **Definitions.** For purposes of determining the number of shares of Common Stock issuable to the Employee in respect of the Earned Performance Shares for each Performance Period, the following definitions shall apply:

- (a) *Ending Share Price* means the average closing price of the shares over the twenty trading days prior to the Performance End Date.
- (b) *Peer Group* means Dril-Quip Inc., Exterran Corp, FMC Technologies, Inc., Hunting plc, National Oilwell Varco, Inc., Oceaneering International, Inc., Oil States International, Inc. and Philadelphia Stock Exchange Oil Service Sector to the extent such entities or their successors are in existence and publicly traded as of the Performance End Date.
- (c) *Starting Share Price* means the average closing price of the shares over the twenty trading days prior to the Performance Beginning Date.
- (d) *Total Shareholder Return* means common stock price growth for each entity over the applicable Performance Period, as measured by dividing the sum of the cumulative amount of dividends for that Performance Period, assuming dividend reinvestment, and the difference between the entity's Ending Share Price and the Starting Share Price; by the entity's Starting Share Price. In the event of a spin-off or similar divestiture during the Performance Period by an entity that is a member of the Peer Group, the Committee may make such adjustments to the calculation of such entity's Total Shareholder Return as it determines may be appropriate, including, without limitation, taking into account the common stock price growth for both the entity that is the member of the Peer Group and the divested entity over the applicable Performance Period.

Exhibit 10.7

1. **Committee Methodology.** For purposes of determining the number of shares of Common Stock issuable to the Employee in respect of the Earned Performance Shares, the Committee shall:

1. Calculate the Total Shareholder Return for the Company and each company in the Peer Group for the applicable Performance Period.
2. Rank the Company and each member of the Peer Group based on Total Shareholder Return with the company having the highest Total Shareholder Return ranking in the first position and the company with the lowest Total Shareholder Return ranking in the ninth position.
3. Determine the number of Earned Performance Shares based on the Nine Company Payout Schedule below:

Nine Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.75
3	1.50
4	1.25
5	1.00
6	0.75
7	0.50
8	0.25
9	0.00

4. Multiply the Employee's Target Amount by the Payout Multiplier.

Notwithstanding the calculations described in clauses (c) and (d) above, in the event the Total Shareholder Return for the Company as calculated in clause (a) above is (I) less than 0%, the Payout Multiplier applied in clause (d) shall not exceed 1.00, and (II) greater than or equal to 20%, the Payout Multiplier applied in clause (d) shall not be less than 1.00.

If any calculation with respect to the Earned Performance Shares would result in a fractional share, the number of shares of Common Stock to be issued shall be rounded up to the nearest whole share.

2. **Peer Group Changes.** If, as a result of merger, acquisition or a similar corporate transaction, a member of the Peer Group ceases to be a member of the Peer Group (an "Affected Peer Company"), the Affected Peer Company shall not be included in the Nine Company Payout Schedule and the applicable of the following alternative schedules shall be used in its place:

Eight Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.71
3	1.42
4	1.13
5	0.84
6	0.55
7	0.26
8	0.00

Seven Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.67
3	1.33
4	1.00
5	0.67
6	0.33
7	0.00

Six Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.60
3	1.20
4	0.80
5	0.40
6	0.00

Five Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.50
3	1.00
4	0.50
5	0.00

Exhibit 10.7

2. If a member of the Peer Group declares bankruptcy, it shall be deemed to remain in the Peer Group until the applicable Performance End Date and shall occupy the lowest ranking in the Payout Schedule. If, as a result of merger, acquisition or a similar corporate transaction, there are five or more Affected Peer Companies, the Committee may in its sole discretion revise the makeup of the Peer Group and make adjustments to the Payout Multipliers.

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. 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
 - d. 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: May 3, 2016

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

**Forum Energy Technologies, Inc.
Certification**

I, James W. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. 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
 - d. 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: May 3, 2016

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

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended March 31, 2016, 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: May 3, 2016

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

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

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

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended March 31, 2016, 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: May 3, 2016

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.