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 September 30, 2015

OR

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

For the transition period from __________ to __________

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**61-1488595**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

920 Memorial City Way, Suite 1000
Houston, Texas 77024

(Address of principal executive offices)

(281) 949-2500

(Registrant's telephone number, including area code)

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

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 o

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

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

As of October 23, 2015, there were 90,411,485 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share information)	**2015**	**2014**	**2015**	**2014**
Net sales	$ 244,993	$ 468,822	$ 877,504	$ 1,301,039
Cost of sales	179,231	316,784	617,733	883,070
Gross profit	65,762	152,038	259,771	417,969
Operating expenses				
Selling, general and administrative expenses	57,235	81,316	197,020	230,087
Transaction expenses	193	1,516	433	2,326
Loss (gain) on sale of assets and other	11	(85)	(264)	320
Total operating expenses	57,439	82,747	197,189	232,733
Earnings from equity investment	3,870	6,749	12,281	17,997
Operating income	12,193	76,040	74,863	203,233
Other expense (income)				
Interest expense	7,453	7,699	22,687	23,174
Foreign exchange (gains) losses and other, net	(2,910)	(5,222)	(5,511)	(616)
Total other expense	4,543	2,477	17,176	22,558
Income before income taxes	7,650	73,563	57,687	180,675
Provision for income tax expense	932	21,332	13,448	52,395
Net income	6,718	52,231	44,239	128,280
Less: Income (loss) attributable to noncontrolling interest	(2)	5	(27)	2
Net income attributable to common stockholders	6,720	52,226	44,266	128,278
Weighted average shares outstanding				
Basic	90,058	93,331	89,770	92,728
Diluted	91,687	96,198	91,576	95,631
Earnings per share				
Basic	$ 0.07	$ 0.56	$ 0.49	$ 1.38
Diluted	$ 0.07	$ 0.54	$ 0.48	$ 1.34
Other comprehensive income, net of tax:				
Net income	6,718	52,231	44,239	128,280
Change in foreign currency translation, net of tax of $0	(18,747)	(34,474)	(30,553)	(21,754)
Gain (loss) on pension liability	(2)	—	68	2
Comprehensive income (loss)	(12,031)	17,757	13,754	106,528
Less: comprehensive loss (income) attributable to noncontrolling interests	64	(32)	118	(20)
Comprehensive income (loss) attributable to common stockholders	$ (11,967)	$ 17,725	$ 13,872	$ 106,508

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)	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 76,185	$ 76,579
Accounts receivable—trade, net	157,591	287,045
Inventories	504,756	461,515
Prepaid expenses and other current assets	39,430	32,985
Costs and estimated profits in excess of billings	18,449	14,646
Deferred income taxes, net	20,380	22,389
Total current assets	816,791	895,159
Property and equipment, net of accumulated depreciation	196,804	189,974
Deferred financing costs, net	11,189	13,107
Intangibles	257,050	271,739
Goodwill	799,601	798,481
Investment in unconsolidated subsidiary	56,457	49,675
Other long-term assets	3,494	3,493
Total assets	$ 2,141,386	$ 2,221,628
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	$ 335	$ 840
Accounts payable—trade	92,244	127,757
Accrued liabilities	79,241	126,890
Deferred revenue	9,342	10,919
Billings in excess of costs and profits recognized	9,111	15,785
Total current liabilities	190,273	282,191
Long-term debt, net of current portion	402,556	428,010
Deferred income taxes, net	94,205	98,188
Other long-term liabilities	23,409	17,318
Total liabilities	710,443	825,707
Commitments and contingencies		
Equity		
Common stock, $0.01 par value, 296,000,000 shares authorized, 98,522,054 and 97,865,278 shares issued	985	979
Additional paid-in capital	886,221	864,313
Treasury stock at cost, 8,141,445 and 8,108,983 shares	(133,126)	(132,480)
Retained earnings	743,771	699,505
Accumulated other comprehensive income (loss)	(67,355)	(36,961)
Total stockholders' equity	1,430,496	1,395,356
Noncontrolling interest in subsidiary	447	565
Total equity	1,430,943	1,395,921
Total liabilities and equity	$ 2,141,386	$ 2,221,628

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)

	Nine Months Ended September 30,	
(in thousands, except share information)	**2015**	**2014**
Cash flows from operating activities		
Net income	$ 44,239	$ 128,280
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	28,721	28,274
Amortization of intangible assets	20,558	20,608
Share-based compensation expense	17,090	14,334
Deferred income taxes	(1,528)	(4,477)
Earnings from equity investment, net of distributions	(6,782)	3,092
Other	4,523	3,644
Changes in operating assets and liabilities		
Accounts receivable—trade	129,601	(67,793)
Inventories	(24,729)	(14,520)
Prepaid expenses and other current assets	(2,019)	(6,872)
Accounts payable, deferred revenue and other accrued liabilities	(81,496)	66,744
Costs and estimated profits in excess of billings, net	(10,472)	8,439
Net cash provided by operating activities	$ 117,706	$ 179,753
Cash flows from investing activities		
Acquisition of businesses, net of cash acquired	(60,836)	(38,289)
Capital expenditures for property and equipment	(28,046)	(39,932)
Proceeds from sale of business, property and equipment	1,699	8,735
Net cash used in investing activities	$ (87,183)	$ (69,486)
Cash flows from financing activities		
Borrowings under Credit Facility	79,943	—
Repayment of long-term debt	(105,985)	(91,760)
Excess tax benefits from stock based compensation	206	7,291
Repurchases of stock	(6,246)	(1,328)
Proceeds from stock issuance	4,618	10,332
Deferred financing costs	—	(6)
Net cash used in financing activities	$ (27,464)	$ (75,471)
Effect of exchange rate changes on cash	(3,453)	(294)
Net increase (decrease) in cash and cash equivalents	(394)	34,502
Cash and cash equivalents		
Beginning of period	76,579	39,582
End of period	$ 76,185	$ 74,084

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 nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015 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, 2014, which are included in the Company’s 2014 Annual Report on Form 10-K filed with the SEC on February 27, 2015 (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 September 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments. This new standard specifies that an acquirer in a business combination should recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, eliminating the current requirement to retrospectively account for these adjustments. Additionally, the full effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts should be recognized in the same period as the adjustments to the provisional amounts. The new standard will be effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which requires companies to measure inventory at the lower of cost or net realizable value rather than at the lower of cost or market. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The new standard will be effective for the Company for the fiscal year beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impacts of the adoption of this guidance.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires deferred financing costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The new standard will be effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern. The new standard requires management to evaluate whether there are conditions and events that raise substantial doubt about an entity's ability to continue as a going concern for both annual and interim reporting periods. The guidance is effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the consolidated financial statements.

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 $64.2 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 Production & Infrastructure segment. As the value of certain assets and liabilities are preliminary in nature, they are subject to adjustment as additional information is obtained about the facts and circumstances that existed at the acquisition date, including any post-closing purchase price adjustments. When the valuation is final, any changes to the preliminary valuation of acquired assets and liabilities could result in adjustments to identified intangibles and goodwill. The following table summarizes the current preliminary 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	$ 37,095
Property and equipment	11,506
Intangible assets (primarily customer relationships)	10,400
Tax-deductible goodwill	15,350
Current liabilities	(10,138)
Long-term liabilities	(22)
Net assets acquired	$ 64,191

2014 Acquisition

Effective May 1, 2014, the Company completed the acquisition of Quality Wireline & Cable, Inc. ("Quality") for consideration of $38.3 million. Quality is a Calgary, Alberta based manufacturer of high-performance cased-hole electro-mechanical wireline cables and specialty cables for the oil and gas industry. Quality is included in the Drilling & Subsea segment. The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the acquisition (in thousands):

	2014 Acquisition
Current assets, net of cash acquired	$ 7,596
Property and equipment	3,837
Intangible assets (primarily customer relationships)	11,527
Non-tax-deductible goodwill	20,573
Current liabilities	(1,615)
Deferred tax liabilities	(3,629)
Net assets acquired	$ 38,289

Revenues and net income related to the acquisitions were not significant for the year ended December 31, 2014 or the nine months ended September 30, 2015. Pro forma results of operations for the 2015 and 2014 acquisitions have not been presented because the effects were not material to the consolidated financial statements on either an individual or aggregate basis.

4. Inventories

The Company's significant components of inventory at September 30, 2015 and December 31, 2014 were as follows (in thousands):

	September 30, 2015	December 31, 2014
Raw materials and parts	$ 156,595	$ 153,768
Work in process	51,636	50,913
Finished goods	330,180	286,290
Gross inventories	538,411	490,971
Inventory reserve	(33,655)	(29,456)
Inventories	$ 504,756	$ 461,515

5. Goodwill and intangible assets

Goodwill

The changes in the carrying amount of goodwill from December 31, 2014 to September 30, 2015, were as follows (in thousands):

	Drilling & Subsea	Production & Infrastructure	Total
Goodwill Balance at December 31, 2014 net	$ 719,860	$ 78,621	$ 798,481
Acquisitions	—	15,350	15,350
Impact of non-U.S. local currency translation	(13,756)	(474)	(14,230)
Goodwill Balance at September 30, 2015 net	$ 706,104	$ 93,497	$ 799,601

Goodwill and intangible assets with indefinite lives are assessed for impairment annually or whenever an event indicating impairment may have occurred. During the quarter ended September 30, 2015, the Company elected to change the date of the Company's annual assessments of goodwill and indefinite lived intangible assets impairment from December 31 to October 1. This is a change in method of applying an accounting principle, which management believes is a preferable alternative as it better aligns the timing of the assessment with our planning and forecasting process and alleviates constraints on accounting resources during our annual reporting process. The change in the assessment date does not delay, accelerate, or avoid a potential impairment charge.

At December 31, 2014, the Company performed its annual impairment test on each of the reporting units and concluded that there had been no impairment because the estimated fair values of each of those reporting units exceeded its carrying value. Relevant events and circumstances which could have a negative impact on goodwill include macroeconomic conditions; industry and market conditions, such as commodity prices; operating cost factors; overall financial performance; the impact of dispositions and acquisitions; and other entity-specific events. Further declines in commodity prices or sustained lower valuation for the Company's common stock could indicate a reduction in the estimate of reporting unit fair value which, in turn, could lead to an impairment of reporting unit goodwill. The Company will continue to monitor events and circumstances which could have a negative impact on estimates of reporting unit fair value. Commodity prices have remained at low levels and the active rig count has continued to decline resulting in a significant decline in the Company’s market capitalization. While the Company incorporated a downturn into its forecasts in the previous annual test, should current conditions worsen, or continue for an extended period of time, the Company may identify and record an impairment charge related to the reporting units previously identified or other intangible assets as a result of an interim impairment test.

Intangible assets

Intangible assets consisted of the following as of September 30, 2015 and December 31, 2014, respectively (in thousands):

	September 30, 2015			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	$ 282,989	$ (98,177)	$ 184,812	4-15
Patents and technology	34,425	(9,721)	24,704	5-17
Non-compete agreements	7,339	(6,233)	1,106	3-6
Trade names	49,834	(17,302)	32,532	10-15
Distributor relationships	22,160	(13,494)	8,666	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	$ 401,977	$ (144,927)	$ 257,050	

	December 31, 2014			
	Gross carrying amount	Accumulated amortization	Net amortizable intangibles	Amortization period (in years)
Customer relationships	$ 284,120	$ (84,947)	$ 199,173	4-15
Patents and technology	31,069	(8,074)	22,995	5-17
Non-compete agreements	7,086	(5,761)	1,325	3-6
Trade names	48,149	(14,747)	33,402	10-15
Distributor relationships	22,160	(12,546)	9,614	8-15
Trademark	5,230	—	5,230	Indefinite
Intangible Assets Total	$ 397,814	$ (126,075)	$ 271,739	

6. Investment in unconsolidated subsidiary

Effective July 1, 2013, the Company jointly purchased Global Tubing, LLC ("Global Tubing") with an equal partner, with management retaining a small interest. Global Tubing is a Dayton, Texas based provider of coiled tubing strings and related services. The Company's equity investment is reported in the Production & Infrastructure segment and is accounted for using the equity method of accounting. As Global Tubing's products are complementary to the Company’s well intervention and stimulation products and the investment's business is integral to the Company's operations, the earnings from the equity investment are included within operating income.

Condensed financial data for the equity investment in the unconsolidated subsidiary is summarized as follows (in thousands):

	Three months ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net revenues	$ 26,033	$ 37,204	$ 81,513	$ 102,113
Gross profit	11,731	18,253	36,505	49,160
Net income	8,063	14,060	25,588	37,659
The Company's earnings from equity investment	3,870	6,749	12,281	17,997

7. Debt

Notes payable and lines of credit as of September 30, 2015 and December 31, 2014 consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
6.25% Senior Notes due October 2021	$ 402,497	$ 402,801
Senior secured revolving credit facility	—	25,000
Other debt	394	1,049
Total debt	402,891	428,850
Less: current maturities	(335)	(840)
Long-term debt	$ 402,556	$ 428,010

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

The Company has a Credit Facility with several financial institutions as lenders that provides for a $600.0 million credit facility with up to $75.0 million available for letters of credit and up to $25.0 million in swingline loans. Subject to terms of the Credit Facility, the Company has the ability to increase the Credit Facility by an additional $300.0 million. The Credit Facility matures in November 2018. Weighted average interest rates under the Credit Facility for the nine months ended September 30, 2015 and for the twelve months ended December 31, 2014 were approximately 2.00%.

As of September 30, 2015, we had no borrowings outstanding under the Credit Facility, $13.3 million of outstanding letters of credit and the capacity to borrow an additional $586.7 million subject to certain limitations in the Credit Facility. 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 September 30, 2015.

8. Income taxes

The Company's effective tax rate was 23.3% for the nine months ended September 30, 2015 and 29.0% for the nine months ended September 30, 2014. The tax rate is lower than the comparable period in 2014 primarily due to a higher proportion of our 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. The effective tax rate was 12.2% for the three months ended September 30, 2015 and 29.0% for the three months ended September 30, 2014. The tax rate for the three months ended September 30, 2015 is lower than the comparable period in 2014 primarily due to a higher proportion of our earnings being generated outside the United States in jurisdictions subject to lower tax rates.

9. Fair value measurements

At September 30, 2015, the carrying value of the Credit Facility was $0.0 million. Substantially all of the debt incurs interest at a variable interest rate and, therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

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 September 30, 2015, the fair value and the carrying value of the Company's Senior Notes approximated $351.8 million and $402.5 million, respectively. At December 31, 2014, the fair value and the carrying value of the Company's Senior Notes approximated $378.1 million and $402.8 million, respectively.

There were no outstanding financial assets as of September 30, 2015 and December 31, 2014 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 nine months ended September 30, 2015.

10. Business segments

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenue:				
Drilling & Subsea	$ 139,073	$ 307,454	$ 523,850	$ 848,474
Production & Infrastructure	106,186	161,696	354,278	453,640
Intersegment eliminations	(266)	(328)	(624)	(1,075)
Total Revenue	$ 244,993	$ 468,822	$ 877,504	$ 1,301,039
Operating income:				
Drilling & Subsea	$ 6,675	$ 57,929	$ 51,261	$ 155,330
Production & Infrastructure	10,715	29,816	45,108	80,260
Corporate	(4,993)	(10,274)	(21,337)	(29,711)
Total segment operating income	12,397	77,471	75,032	205,879
Transaction expenses	193	1,516	433	2,326
Loss (gain) on sale of assets and other	11	(85)	(264)	320
Income from operations	$ 12,193	$ 76,040	$ 74,863	$ 203,233

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

	September 30, 2015	December 31, 2014
Assets		
Drilling & Subsea	$ 1,525,824	$ 1,674,934
Production & Infrastructure	546,712	488,225
Corporate	68,850	58,469
Total assets	$ 2,141,386	$ 2,221,628

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

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Income attributable to common stockholders	$ 6,720	$ 52,226	$ 44,266	$ 128,278
Average shares outstanding (basic)	90,058	93,331	89,770	92,728
Common stock equivalents	1,629	2,867	1,806	2,903
Diluted shares	91,687	96,198	91,576	95,631
Earnings per share				
Basic earnings per share	$ 0.07	$ 0.56	$ 0.49	$ 1.38
Diluted earnings per share	$ 0.07	$ 0.54	$ 0.48	$ 1.34

The diluted earnings per share calculation excludes approximately 2.0 million and 0.4 million stock options for the three months ended September 30, 2015 and 2014, respectively, and 1.8 million and 0.5 million stock options for the nine months ended September 30, 2015 and 2014, respectively, because they were anti-dilutive as the option exercise price was greater than the average market price of the common stock.

12. 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 September 30, 2015 and December 31, 2014, 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.

13. Stockholders' equity

Share-based compensation

During the nine months ended September 30, 2015, the Company granted 564,950 options and 987,411 shares of restricted stock or restricted stock units, which includes 161,660 performance share awards with a market condition. The stock options were granted with exercise prices of $18.68 and $13.92. Of the restricted stock or restricted stock units granted, 765,523 vest ratably over four years on each anniversary of the grant date. 60,228 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.

14. 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.

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

	Three months ended September 30, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Net sales	$ —	$ 182,986	$ 83,751	$ (21,744)	$ 244,993
Cost of sales	—	140,444	60,494	(21,707)	179,231
Gross profit	—	42,542	23,257	(37)	65,762
Operating expenses					
Selling, general and administrative expenses	—	41,157	16,078	—	57,235
Transaction expenses	—	193	—	—	193
Loss (gain) on sale of assets and other	—	(15)	26	—	11
Total operating expenses	—	41,335	16,104	—	57,439
Earnings from equity investment	—	3,870	—	—	3,870
Equity earnings from affiliate, net of tax	11,568	8,286	—	(19,854)	—
Operating income	11,568	13,363	7,153	(19,891)	12,193
Other expense (income)					
Interest expense (income)	7,458	(1)	(4)	—	7,453
Foreign exchange (gains) losses and other, net	—	(253)	(2,657)	—	(2,910)
Total other expense (income)	7,458	(254)	(2,661)	—	4,543
Income before income taxes	4,110	13,617	9,814	(19,891)	7,650
Provision for income tax expense	(2,610)	2,049	1,493	—	932
Net income	6,720	11,568	8,321	(19,891)	6,718
Less: Income (loss) attributable to noncontrolling interest	—	—	(2)	—	(2)
Net income attributable to common stockholders	6,720	11,568	8,323	(19,891)	6,720
Other comprehensive income, net of tax:					
Net income	6,720	11,568	8,321	(19,891)	6,718
Change in foreign currency translation, net of tax of $0	(18,747)	(18,747)	(18,747)	37,494	(18,747)
Change in pension liability	(2)	(2)	(2)	4	(2)
Comprehensive income (loss)	(12,029)	(7,181)	(10,428)	17,607	(12,031)
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	64	—	64
Comprehensive income (loss) attributable to common stockholders	$ (12,029)	$ (7,181)	$ (10,364)	$ 17,607	$ (11,967)

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

Condensed consolidating statements of comprehensive income

	Three months ended September 30, 2014				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Net sales	$ —	$ 330,772	$ 179,458	$ (41,408)	$ 468,822
Cost of sales	—	230,938	127,423	(41,577)	316,784
Gross profit	—	99,834	52,035	169	152,038
Operating expenses					
Selling, general and administrative expenses	—	63,228	18,088	—	81,316
Other operating expense	—	1,419	12	—	1,431
Total operating expenses	—	64,647	18,100	—	82,747
Earnings from equity investment	—	6,749	—	—	6,749
Equity earnings from affiliates, net of tax	57,161	28,048	—	(85,209)	—
Operating income	57,161	69,984	33,935	(85,040)	76,040
Other expense (income)					
Interest expense (income)	7,593	75	31	—	7,699
Interest income with affiliate	—	(1,887)	—	1,887	—
Interest expense with affiliate	—	—	1,887	(1,887)	—
Foreign exchange (gains) losses and other, net	—	(744)	(4,478)	—	(5,222)
Total other expense (income)	7,593	(2,556)	(2,560)	—	2,477
Income before income taxes	49,568	72,540	36,495	(85,040)	73,563
Provision for income tax expense	(2,658)	15,379	8,611	—	21,332
Net income	52,226	57,161	27,884	(85,040)	52,231
Less: Income (loss) attributable to noncontrolling interest	—	—	5	—	5
Net income attributable to common stockholders	52,226	57,161	27,879	(85,040)	52,226
Other comprehensive income, net of tax:					
Net income	52,226	57,161	27,884	(85,040)	52,231
Change in foreign currency translation, net of tax of $0	(34,474)	(34,474)	(34,474)	68,948	(34,474)
Comprehensive income (loss)	17,752	22,687	(6,590)	(16,092)	17,757
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	(32)	—	(32)
Comprehensive income (loss) attributable to common stockholders	$ 17,752	$ 22,687	$ (6,622)	$ (16,092)	$ 17,725

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

Condensed consolidating statements of comprehensive income

	Nine months ended September 30, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Net sales	$ —	$ 661,419	$ 306,431	$ (90,346)	$ 877,504
Cost of sales	—	484,338	221,940	(88,545)	617,733
Gross profit	—	177,081	84,491	(1,801)	259,771
Operating expenses					
Selling, general and administrative expenses	—	150,955	46,065	—	197,020
Transaction expenses	—	433	—	—	433
Loss (gain) on sale of assets and other	—	(73)	(191)	—	(264)
Total operating expenses	—	151,315	45,874	—	197,189
Earnings from equity investment	—	12,281	—	—	12,281
Equity earnings from affiliates, net of tax	59,002	35,116	—	(94,118)	—
Operating income	59,002	73,163	38,617	(95,919)	74,863
Other expense (income)					
Interest expense (income)	22,670	13	4	—	22,687
Foreign exchange (gains) losses and other, net	—	(407)	(5,104)	—	(5,511)
Total other expense (income)	22,670	(394)	(5,100)	—	17,176
Income before income taxes	36,332	73,557	43,717	(95,919)	57,687
Provision for income tax expense	(7,934)	14,555	6,827	—	13,448
Net income	44,266	59,002	36,890	(95,919)	44,239
Less: Income (loss) attributable to noncontrolling interest	—	—	(27)	—	(27)
Net income attributable to common stockholders	44,266	59,002	36,917	(95,919)	44,266
Other comprehensive income, net of tax:					
Net income	44,266	59,002	36,890	(95,919)	44,239
Change in foreign currency translation, net of tax of $0	(30,553)	(30,553)	(30,553)	61,106	(30,553)
Change in pension liability	68	68	68	(136)	68
Comprehensive income (loss)	13,781	28,517	6,405	(34,949)	13,754
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	118	—	118
Comprehensive income (loss) attributable to common stockholders	$ 13,781	$ 28,517	$ 6,523	$ (34,949)	$ 13,872

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

Condensed consolidating statements of comprehensive income

	Nine Months Ended September 30, 2014				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Net sales	$ —	$ 941,885	$ 480,049	$ (120,895)	$ 1,301,039
Cost of sales	—	659,444	342,269	(118,643)	883,070
Gross profit	—	282,441	137,780	(2,252)	417,969
Operating expenses					
Selling, general and administrative expenses	—	176,331	53,756	—	230,087
Transaction expenses	—	2,326	—	—	2,326
Loss (gain) on sale of assets and other	—	639	(319)	—	320
Total operating expenses	—	179,296	53,437	—	232,733
Earnings from equity investment	—	17,997	—	—	17,997
Equity earnings from affiliates, net of tax	143,310	59,688	—	(202,998)	—
Operating income	143,310	180,830	84,343	(205,250)	203,233
Other expense (income)					
Interest expense (income)	23,126	77	(29)	—	23,174
Interest income with affiliate	—	(5,770)	—	5,770	—
Interest expense with affiliate	—	—	5,770	(5,770)	—
Foreign exchange (gains) losses and other, net	—	274	(890)	—	(616)
Total other expense (income)	23,126	(5,419)	4,851	—	22,558
Income before income taxes	120,184	186,249	79,492	(205,250)	180,675
Provision for income tax expense	(8,094)	42,939	17,550	—	52,395
Net income	128,278	143,310	61,942	(205,250)	128,280
Less: Income (loss) attributable to noncontrolling interest	—	—	2	—	2
Net income attributable to common stockholders	128,278	143,310	61,940	(205,250)	128,278
Other comprehensive income, net of tax:					
Net income	128,278	143,310	61,942	(205,250)	128,280
Change in foreign currency translation, net of tax of $0	(21,754)	(21,754)	(21,754)	43,508	(21,754)
Change in pension liability	2	2	2	(4)	2
Comprehensive income (loss)	106,526	121,558	40,190	(161,746)	106,528
Less: comprehensive (income) loss attributable to noncontrolling interests	—	—	(20)	—	(20)
Comprehensive income (loss) attributable to common stockholders	$ 106,526	$ 121,558	$ 40,170	$ (161,746)	$ 106,508

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

Condensed consolidating balance sheets

	September 30, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 16,104	$ 60,081	$ —	$ 76,185
Accounts receivable—trade, net	—	101,485	56,106	—	157,591
Inventories	—	386,531	128,007	(9,782)	504,756
Cost and profits in excess of billings	—	8,295	10,154	—	18,449
Other current assets	—	51,104	8,706	—	59,810
Total current assets	—	563,519	263,054	(9,782)	816,791
Property and equipment, net of accumulated depreciation	—	161,710	35,094	—	196,804
Deferred financing costs, net	11,189	—	—	—	11,189
Intangibles	—	193,333	63,717	—	257,050
Goodwill	—	538,248	261,353	—	799,601
Investment in unconsolidated subsidiary	—	56,457	—	—	56,457
Investment in affiliates	1,362,309	593,121	—	(1,955,430)	—
Long-term advances to affiliates	472,899	—	59,628	(532,527)	—
Other long-term assets	—	2,574	920	—	3,494
Total assets	$ 1,846,397	$ 2,108,962	$ 683,766	$ (2,497,739)	$ 2,141,386
Liabilities and equity					
Current liabilities					
Current portion of long-term debt	$ —	$ 325	$ 10	$ —	$ 335
Accounts payable—trade	—	69,069	23,175	—	92,244
Accrued liabilities	13,405	47,117	18,719	—	79,241
Deferred revenue	—	2,582	6,760	—	9,342
Billings in excess of costs and profits	—	2,432	6,679	—	9,111
Total current liabilities	13,405	121,525	55,343	—	190,273
Long-term debt, net of current portion	402,497	44	15	—	402,556
Long-term payables to affiliates	—	532,528	—	(532,528)	—
Deferred income taxes, net	—	75,002	19,203	—	94,205
Other long-term liabilities	—	17,554	5,855	—	23,409
Total liabilities	415,902	746,653	80,416	(532,528)	710,443
Total stockholder's equity	1,430,495	1,362,309	602,903	(1,965,211)	1,430,496
Noncontrolling interest in subsidiary	—	—	447	—	447
Equity	1,430,495	1,362,309	603,350	(1,965,211)	1,430,943
Total liabilities and equity	$ 1,846,397	$ 2,108,962	$ 683,766	$ (2,497,739)	$ 2,141,386

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

Condensed consolidating balance sheets

	December 31, 2014				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Assets					
Current assets					
Cash and cash equivalents	$ 5,551	$ 4,006	$ 67,022	$ —	$ 76,579
Accounts receivable—trade, net	—	194,964	92,081	—	287,045
Inventories	—	343,902	125,594	(7,981)	461,515
Cost and profits in excess of billings	—	4,871	9,775	—	14,646
Other current assets	—	38,920	16,454	—	55,374
Total current assets	5,551	586,663	310,926	(7,981)	895,159
Property and equipment, net of accumulated depreciation	—	153,016	36,958	—	189,974
Deferred financing costs, net	13,107	—	—	—	13,107
Intangibles	—	198,819	72,920	—	271,739
Goodwill	—	522,898	275,583	—	798,481
Investment in unconsolidated subsidiary	—	49,675	—	—	49,675
Investment in affiliates	1,333,701	590,421	—	(1,924,122)	—
Long-term advances to affiliates	483,534	—	22,531	(506,065)	—
Other long-term assets	—	2,760	733	—	3,493
Total assets	$ 1,835,893	$ 2,104,252	$ 719,651	$ (2,438,168)	$ 2,221,628
Liabilities and equity					
Current liabilities					
Accounts payable—trade	$ —	$ 85,179	$ 42,578	$ —	$ 127,757
Accrued liabilities	12,733	84,824	29,333	—	126,890
Current portion of debt and other current liabilities	—	5,800	21,744	—	27,544
Total current liabilities	12,733	175,803	93,655	—	282,191
Long-term debt, net of current portion	427,801	183	26	—	428,010
Long-term payables to affiliates	—	506,065	—	(506,065)	—
Deferred income taxes, net	—	77,311	20,877	—	98,188
Other long-term liabilities	—	11,189	6,129	—	17,318
Total liabilities	440,534	770,551	120,687	(506,065)	825,707
Total stockholder's equity	1,395,359	1,333,701	598,399	(1,932,103)	1,395,356
Noncontrolling interest in subsidiary	—	—	565	—	565
Equity	1,395,359	1,333,701	598,964	(1,932,103)	1,395,921
Total liabilities and equity	$ 1,835,893	$ 2,104,252	$ 719,651	$ (2,438,168)	$ 2,221,628

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

Condensed consolidating statements of cash flows

	Nine months ended September 30, 2015				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Cash flows from (used in) operating activities	$ (6,543)	$ 79,698	$ 44,551	$ —	$ 117,706
Cash flows from investing activities					
Acquisition of businesses, net of cash acquired	—	(60,836)	—	—	(60,836)
Capital expenditures for property and equipment	—	(19,858)	(8,188)	—	(28,046)
Long-term loans and advances to affiliates	27,719	40,544	—	(68,263)	—
Other	—	992	707	—	1,699
Net cash provided by (used in) investing activities	$ 27,719	$ (39,158)	$ (7,481)	$ (68,263)	$ (87,183)
Cash flows from financing activities					
Borrowings (repayment) of long-term debt	(25,305)	(723)	(14)	—	(26,042)
Long-term loans and advances to affiliates	—	(27,719)	(40,544)	68,263	—
Other	(1,422)	—	—	—	(1,422)
Net cash provided by (used in) financing activities	$ (26,727)	$ (28,442)	$ (40,558)	$ 68,263	$ (27,464)
Effect of exchange rate changes on cash	—	—	(3,453)	—	(3,453)
Net increase (decrease) in cash and cash equivalents	(5,551)	12,098	(6,941)	—	(394)
Cash and cash equivalents					
Beginning of period	5,551	4,006	67,022	—	76,579
End of period	$ —	$ 16,104	$ 60,081	$ —	$ 76,185

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

Condensed consolidating statements of cash flows

	Nine Months Ended September 30, 2014				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(in thousands)		
Cash flows from (used in) operating activities	$ (6,101)	$ 120,323	$ 65,531	$ —	$ 179,753
Cash flows from investing activities					
Acquisition of businesses, net of cash acquired	—	—	(38,289)	—	(38,289)
Capital expenditures for property and equipment	—	(30,808)	(9,124)	—	(39,932)
Long-term loans and advances to affiliates	88,410	—	—	(88,410)	—
Other	—	8,421	314	—	8,735
Net cash provided by (used in) investing activities	$ 88,410	$ (22,387)	$ (47,099)	$ (88,410)	$ (69,486)
Cash flows from financing activities					
Repayment of long-term debt	(91,307)	(328)	(125)	—	(91,760)
Long-term loans and advances to affiliates	—	(92,478)	4,068	88,410	—
Other	8,998	7,291	—	—	16,289
Net cash provided by (used in) financing activities	$ (82,309)	$ (85,515)	$ 3,943	$ 88,410	$ (75,471)
Effect of exchange rate changes on cash	—	—	(294)	—	(294)
Net increase (decrease) in cash and cash equivalents	—	12,421	22,081	—	34,502
Cash and cash equivalents					
Beginning of period	—	—	39,582	—	39,582
End of period	$ —	$ 12,421	$ 61,663	$ —	$ 74,084

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements may include statements about:

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

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 27, 2015 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.

We operate two business segments:

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

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 last year 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 at least through 2015 and continuing into 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		
	September 30, 2015	June 30, 2015	September 30, 2014
Average global oil, $/bbl			
West Texas Intermediate	$ 46.53	$ 57.85	$ 91.16
United Kingdom Brent	$ 50.54	$ 61.65	$ 94.87
Average North American Natural Gas, $/Mcf			
Henry Hub	$ 2.76	$ 2.75	$ 4.12

Average WTI and Brent oil prices were 49% and 47% lower, respectively, in the third quarter of 2015 than in the third quarter of 2014. Average natural gas prices were 33% lower in the third quarter of 2015 than in the prior year period. Crude oil prices began a significant decline in the second half of 2014 and have declined 59% from peak prices in June 2014 to the end of September 2015 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. This has had a significant, adverse impact on our results of operations which we expect to continue until oil prices rise substantially.

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		
	September 30, 2015	June 30, 2015	September 30, 2014
Active Rigs by Location			
United States	866	907	1,903
Canada	188	98	386
International	1,131	1,169	1,348
Global Active Rigs	**2,185**	**2,174**	**3,637**
Land vs. Offshore Rigs			
Land	1,883	1,853	3,245
Offshore	302	321	392
Global Active Rigs	**2,185**	**2,174**	**3,637**
U.S. Commodity Target			
Oil/Gas	657	681	1,577
Gas	208	223	324
Unclassified	1	3	2
Total U.S. Active Rigs	**866**	**907**	**1,903**
U.S. Well Path			
Horizontal	658	701	1,314
Vertical	123	114	372
Directional	85	92	217
Total U.S. Active Rigs	**866**	**907**	**1,903**

As a result of lower oil and natural gas prices, the average U.S. rig count decreased 55% from the third quarter of 2014, while the international rig count and the Canadian rig count decreased 16% and 51%, respectively, from the third quarter of 2014. The U.S. rig count declined 57% from its peak of 1,931 rigs in September 2014 to 838 rigs at the end of September 2015. 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 third quarter of 2015 and is expected to have a continuing adverse effect on our results at least through 2015 and into 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 Forum and other equipment manufacturers. This widespread reduction in spending had a negative impact on our results and new orders in the third quarter of 2015 and is expected to have a continuing adverse effect at least through 2015 and into 2016.

The table below shows the amount of total inbound orders by segment for the three and nine months ended September 30, 2015 and 2014:

(in millions of dollars)	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Orders:				
Drilling & Subsea	$ 106.1	$ 323.9	$ 381.3	$ 955.0
Production & Infrastructure	106.9	171.3	317.7	470.6
Total Orders	$ 213.0	$ 495.2	$ 699.0	$ 1,425.6

Results of operations

We made one acquisition in the first quarter of 2015 and one acquisition in the second quarter of 2014. For additional information about these acquisitions, see Note 3 to the condensed consolidated financial statements in Item 1 of Part I of this quarterly report. For this reason, our results of operations for the 2015 periods presented may not be comparable to historical results of operations for the 2014 periods.

Three months ended September 30, 2015 compared with three months ended September 30, 2014

	Three months ended September 30,		Favorable / (Unfavorable)	
	2015	**2014**	**$**	**%**
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Subsea	$ 139,073	$ 307,454	$ (168,381)	(54.8)%
Production & Infrastructure	106,186	161,696	(55,510)	(34.3)%
Eliminations	(266)	(328)	62	*
Total revenue	$ 244,993	$ 468,822	$ (223,829)	(47.7)%
Operating income:				
Drilling & Subsea	$ 6,675	$ 57,929	$ (51,254)	(88.5)%
Operating income margin %	*4.8%*	*18.8%*		
Production & Infrastructure	10,715	29,816	(19,101)	(64.1)%
Operating income margin %	*10.1%*	*18.4%*		
Corporate	(4,993)	(10,274)	5,281	51.4 %
Total segment operating income	$ 12,397	$ 77,471	$ (65,074)	(84.0)%
Operating income margin %	*5.1%*	*16.5%*		
Transaction expenses	193	1,516	1,323	*
Loss (gain) on sale of assets and other	11	(85)	(96)	*
Income from operations	12,193	76,040	(63,847)	(84.0)%
Interest expense, net	7,453	7,699	246	3.2 %
Foreign exchange (gains) losses and other, net	(2,910)	(5,222)	(2,312)	*
Other (income) expense, net	4,543	2,477	(2,066)	*
Income before income taxes	7,650	73,563	(65,913)	(89.6)%
Income tax expense	932	21,332	20,400	95.6 %
Net income	6,718	52,231	(45,513)	(87.1)%
Less: Income (loss) attributable to non-controlling interest	(2)	5	(7)	*
Income attributable to common stockholders	$ 6,720	$ 52,226	$ (45,506)	(87.1)%
Weighted average shares outstanding				
Basic	90,058	93,331		
Diluted	91,687	96,198		
Earnings per share				
Basic	$ 0.07	$ 0.56		
Diluted	$ 0.07	$ 0.54		

** not meaningful*

Revenue

Our revenue for the three months ended September 30, 2015 decreased $223.8 million, or 47.7%, to $245.0 million compared to the three months ended September 30, 2014. For the three months ended September 30, 2015, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 56.8% and 43.2% of our total revenue, respectively, which compared to 65.6% and 34.4% of total revenue, respectively, for the three months ended September 30, 2014. The changes in revenue by operating segment consisted of the following:

Drilling & Subsea segment — Revenue decreased $168.4 million, or 54.8%, to $139.1 million during the three months ended September 30, 2015 compared to the three months ended September 30, 2014 primarily attributable to decreased oil and natural gas drilling and well completions activity in North America. The U.S. average rig count decreased 55% compared to the prior year period resulting in decreased sales of our drilling equipment and our completions and production products. We also recognized lower revenue compared to the prior year period on our subsea products as investment in deepwater oil and natural gas activity has declined.

Production & Infrastructure segment — Revenue decreased $55.5 million, or 34.3%, to $106.2 million during the three months ended September 30, 2015 compared to the three months ended September 30, 2014. The decrease in revenue was primarily attributable to lower sales of our surface production equipment to exploration and production operators, and to lower sales of our consumable flow equipment products to pressure pumping service providers as fewer wells were completed offset by the addition of J-Mac sales from the first quarter 2015 acquisition.

Segment operating income and segment operating margin percentage

Segment operating income for the three months ended September 30, 2015, decreased $65.1 million, or 84.0%, to $12.4 million compared to the three months ended September 30, 2014. The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the three months ended September 30, 2015, the segment operating margin percentage of 5.1% represents a decrease of 1140 basis points from the 16.5% operating margin percentage for three months ended September 30, 2014. The change in operating margin percentage for each segment is explained as follows:

Drilling & Subsea segment — The operating margin percentage for this segment decreased 14 percentage points to 4.8% for the three months ended September 30, 2015, from 18.8% for the three months ended September 30, 2014. The third quarter of 2015 included $2.0 million of severance and facility closure costs incurred to further reduce our cost structure in line with current activity levels. Excluding these charges, the operating margin for this segment is down 12 percentage points in the third quarter of 2015 compared to the same period in 2014. The reasons for this decrease in operating margin percentage are lower activity levels causing a loss of manufacturing scale efficiencies and more intense competition pressuring prices. We believe that adjusted operating margins excluding the costs described above are useful for investors to assess operating performance especially when comparing periods.

Production & Infrastructure segment — The operating margin percentage for this segment decreased 830 basis points to 10.1% for the three months ended September 30, 2015, from 18.4% for the three months ended September 30, 2014. The decrease in operating margin percentage was attributable to higher competition for fewer sales on lower activity levels, and reduced operating leverage on lower volumes. Also impacting margins was lower earnings from our investment in Global Tubing, LLC.

Corporate — Selling, general and administrative expenses for Corporate decreased by $5.3 million, or 51.4%, for the three months ended September 30, 2015 compared to the three months ended September 30, 2014, due to lower personnel costs, including reduced bonus accruals, 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 September 30, 2015 and $1.5 million for the three months ended September 30, 2014.

Other income and expense

Other income and expense includes interest expense and foreign exchange gains and losses. We incurred $7.5 million of interest expense during the three months ended September 30, 2015, a decrease of $0.2 million from the three months ended September 30, 2014. The change in foreign exchange gains or losses is primarily the result of movements in the British pound and the Euro relative to the U.S. dollar.

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 12.2% for the three months ended September 30, 2015 and 29.0% for the three months ended September 30, 2014. The annual effective tax rate for 2015 is currently estimated to be approximately 23%. The tax rate for the three months ended September 30, 2015 is lower than the comparable period in 2014 primarily due to a higher proportion of our earnings being generated outside the United States in jurisdictions subject to lower tax rates.

Nine months ended September 30, 2015 compared with nine months ended September 30, 2014

	Nine Months Ended September 30,		Favorable / (Unfavorable)	
	2015	2014	$	%
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Subsea	$ 523,850	$ 848,474	(324,624)	(38.3)%
Production & Infrastructure	354,278	453,640	(99,362)	(21.9)%
Eliminations	(624)	(1,075)	451	*
Total revenue	$ 877,504	$ 1,301,039	$ (423,535)	(32.6)%
Operating income:				
Drilling & Subsea	$ 51,261	$ 155,330	$ (104,069)	(67.0)%
Operating income margin %	*9.8%*	*18.3%*		
Production & Infrastructure	45,108	80,260	(35,152)	(43.8)%
Operating income margin %	*12.7%*	*17.7%*		
Corporate	(21,337)	(29,711)	8,374	(28.2)%
Total segment operating income	$ 75,032	$ 205,879	$ (130,847)	(63.6)%
Operating income margin %	*8.6%*	*15.8%*		
Transaction expenses	433	2,326	1,893	*
Loss (gain) on sale of assets and other	(264)	320	584	*
Income from operations	74,863	203,233	(128,370)	(63.2)%
Interest expense, net	22,687	23,174	(487)	(2.1)%
Foreign exchange (gains) losses and other, net	(5,511)	(616)	4,895	*
Other (income) expense, net	17,176	22,558	5,382	*
Income before income taxes	57,687	180,675	(122,988)	(68.1)%
Income tax expense	13,448	52,395	38,947	74.3 %
Net income	44,239	128,280	(84,041)	(65.5)%
Less: Income (loss) attributable to non-controlling interest	(27)	2	(29)	*
Income attributable to common stockholders	$ 44,266	$ 128,278	$ (84,012)	(65.5)%
Weighted average shares outstanding				
Basic	89,770	92,728		
Diluted	91,576	95,631		
Earnings per share				
Basic	$ 0.49	$ 1.38		
Diluted	$ 0.48	$ 1.34		

** not meaningful*

Revenue

Our revenue for the nine months ended September 30, 2015 decreased $423.5 million, or 32.6%, to $877.5 million compared to the nine months ended September 30, 2014. For the nine months ended September 30, 2015, our Drilling & Subsea segment and our Production & Infrastructure segment comprised 59.7% and 40.4% of our total revenue, respectively, which compared to 65.2% and 34.8% of total revenue, respectively, for the nine months ended September 30, 2014. The changes in revenue by operating segment consisted of the following:

Drilling & Subsea segment — Revenue decreased $324.6 million, or 38.3%, to $523.9 million during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily attributable to decreased oil and natural gas drilling and well completions activity in North America. The U.S. average rig count decreased 43% compared to the prior year nine-month period resulting in decreased sales of our drilling capital and consumable equipment and our completions and downhole products. We recognized lower revenue compared to the prior year period on our subsea products, such as our remotely operated vehicles, as investment in deepwater oil and natural gas activity has declined.

Production & Infrastructure segment — Revenue decreased $99.4 million, or 21.9%, to $354.3 million during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily attributable to decreased sales of our surface production equipment to exploration and production operators and lower sales of our valves products. These revenue decreases were partially offset by revenue from our first quarter 2015 acquisition.

Segment operating income and segment operating margin percentage

Segment operating income for the nine months ended September 30, 2015, decreased $130.8 million, or 63.6%, to $75.0 million compared to the nine months ended September 30, 2014. The segment operating margin percentage is calculated by dividing segment operating income by revenue for the period. For the nine months ended September 30, 2015, the segment operating margin percentage of 8.6% represents a decrease of 710 basis points from the 15.8% operating margin percentage for nine months ended September 30, 2014. The change in operating margin percentage for each segment is explained as follows:

Drilling & Subsea segment — The operating margin percentage decreased 850 basis points to 9.8% for the nine months ended September 30, 2015, from 18.3% for the nine months ended September 30, 2014. The nine months ended September 30, 2015 included $9.3 million of severance and facility closure costs incurred to further reduce our cost structure in line with current activity levels. Excluding these charges, the operating margin is down 670 basis points in the nine months ended September 30, 2015 compared to the same period in 2014. The reasons for this decrease are a combination of lower activity levels and more intense competition pressuring prices, and reduced operating leverage on lower volumes. We believe that adjusted operating margins excluding the costs described above are useful for investors to assess operating performance especially when comparing periods.

Production & Infrastructure segment — The operating margin percentage decreased 500 basis points to 12.7% for the nine months ended September 30, 2015, from 17.7% for the nine months ended September 30, 2014. The decrease in operating margin percentage was attributable to higher competition for fewer sales on lower activity levels, and reduced operating leverage on lower volumes. Also impacting margins was lower earnings from our investment in Global Tubing, LLC.

Corporate — Selling, general and administrative expenses for Corporate decreased by $8.4 million, or 28.2%, for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014, due to lower personnel costs, including reduced bonus accruals, 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 $0.4 million and $2.3 million for the nine months ended September 30, 2015 and 2014, respectively. In the first quarter of 2014, we incurred a loss of $0.8 million on the sale of our subsea pipe joint protective coatings business.

Other income and expense

Other income and expense includes interest expense and foreign exchange gains and losses. We incurred $22.7 million of interest expense during the nine months ended September 30, 2015, a decrease of $0.5 million from the nine months ended September 30, 2014. The change in foreign exchange gains or losses is primarily the result of movements in the British pound and the Euro relative to the U.S. dollar.

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 23.3% for the nine months ended September 30, 2015 and 29.0% for the nine months ended September 30, 2014. The annual effective tax rate for 2015 is currently estimated to be approximately 23%. The tax rate is lower than the comparable period in 2014 primarily due to a higher proportion of our earnings being generated outside the United States in jurisdictions subject to lower tax rates.

Liquidity and capital resources

Sources and uses of liquidity

At September 30, 2015, we had cash and cash equivalents of $76.2 million and total debt of $402.9 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 2015 capital expenditure budget is approximately $35.0 million, which consists of, among other items, investments in maintaining and expanding 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 $64.2 million and one business in the second quarter of 2014 for total consideration of $38.3 million. We used cash on hand and borrowings under the Credit Facility to finance these acquisitions. We continue to actively review acquisition opportunities on an ongoing basis. Our ability to make significant additional acquisitions for cash may require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

In October 2014, our Board of Directors approved a share repurchase program for the repurchase of outstanding shares of our common stock with an aggregate purchase price of up to $150 million. Shares may be repurchased under the program from time to time, in amounts and at prices that we deem appropriate, subject to market and business conditions, limitations provided under the Credit Facility and Senior Notes, applicable legal requirements and other considerations. We have purchased approximately 4.5 million shares of stock under this program for aggregate consideration of approximately $100.2 million. Remaining authorization under this program is $49.8 million.

Our cash flows for the nine months ended September 30, 2015 and 2014 are presented below (in millions):

	Nine Months Ended September 30,	
	2015	**2014**
Net cash provided by operating activities	$ 117.7	$ 179.8
Net cash used in investing activities	(87.2)	(69.5)
Net cash used in financing activities	(27.5)	(75.5)
Net increase (decrease) in cash and cash equivalents	$ (0.4)	$ 34.5

Cash flows provided by operating activities

Net cash provided by operating activities was $117.7 million and $179.8 million for the nine months ended September 30, 2015 and 2014, respectively. Cash provided by operations decreased primarily as a result of lower earnings, offset by lower investments in working capital.

Cash flows used in investing activities

Net cash used in investing activities was $87.2 million and $69.5 million for the nine months ended September 30, 2015 and 2014, respectively. The increase was primarily due to consideration paid for an acquisition in the first quarter of 2015 of $60.8 million compared to $38.3 million of consideration paid for an acquisition in the second quarter of 2014. Capital expenditures for the nine months ended September 30, 2015 were $28.0 million as compared to $39.9 million for the comparable prior period.

Cash flows used in financing activities

Net cash used in financing activities was $27.5 million for the nine months ended September 30, 2015, compared to cash used in financing activities of $75.5 million for the nine months ended September 30, 2014. The cash used in financing activities during both the nine months ended September 30, 2015 and the nine months ended September 30, 2014 primarily consisted of repayment of long-term debt.

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

We have a Credit Facility with Wells Fargo Bank, National Association, as administrative agent, and several financial institutions as lenders, which provides for a $600.0 million revolving credit facility, including up to $75.0 million available for letters of credit and up to $25.0 million in swingline loans. Subject to terms of the Credit Facility, we have the ability to increase the Credit Facility by an additional $300.0 million. Our Credit Facility matures in November 2018. Weighted average interest rates under the Credit Facility for the nine months ended September 30, 2015 and for the twelve months ended December 31, 2014 were approximately 2.00%.

There have been no changes to the Credit Facility financial covenants disclosed in Item 7 of our 2014 Annual Report on Form 10-K. As of September 30, 2015, we were in compliance with all financial covenants, and we had no borrowings outstanding under our Credit Facility, $13.3 million of outstanding letters of credit and the capacity to borrow an additional $586.7 million. This availability and our ability to increase the Credit Facility by an additional $300.0 million are subject to compliance with certain covenants, including a maximum ratio of total funded debt to adjusted EBITDA (as defined in the Credit Facility), interest expense to adjusted EBITDA and other covenants included in the Credit Facility, for the most recent four fiscal quarter period. If our adjusted EBITDA levels do not increase in future quarters, or we breach other covenants, our borrowing capacity under the Credit Facility will be reduced or eliminated.

Off-balance sheet arrangements

As of September 30, 2015, we had no off-balance sheet instruments or financial arrangements, other than operating leases entered into in the ordinary course of business.

Contractual obligations

Except for net repayments under the Credit Facility, as of September 30, 2015, 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 nine months ended September 30, 2015. For a detailed discussion of our critical accounting policies and estimates, refer to our 2014 Annual Report on Form 10-K.

Recent accounting pronouncements

In September 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments. This new standard specifies that an acquirer in a business combination should recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, eliminating the current requirement to retrospectively account for these adjustments. Additionally, the full effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts should be recognized in the same period as the adjustments to the provisional amounts. The new standard will be effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which requires companies to measure inventory at the lower of cost or net realizable value rather than at the lower of cost or market. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The new standard will be effective for the Company for the fiscal year beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impacts of the adoption of this guidance.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires deferred financing costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The new standard will be effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern. The new standard requires management to evaluate whether there are conditions and events that raise substantial doubt about an entity's ability to continue as a going concern for both annual and interim reporting periods. The guidance is effective for the Company for the fiscal year beginning January 1, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the consolidated financial statements.

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.

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, 2014. 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 2014 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 September 30, 2015. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2015 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 September 30, 2015 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 12, 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. Shares may be repurchased under the program from time to time, in amounts and at prices that the company deems appropriate, subject to market and business conditions, applicable legal requirements and other considerations. The program may be executed using open market purchases pursuant to Rule 10b-18 under the Exchange Act in privately negotiated agreements, by way of issuer tender offers, Rule 10b5-1 plans or other transactions.

Shares of common stock purchased and placed in treasury during the three months ended September 30, 2015 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)
July 1, 2015 - July 31, 2015	2,470	$ 19.30	—	$ 49,752
August 1, 2015 - August 31, 2015	—	$ —	—	—
September 1, 2015 - September 30, 2015	308	$ 13.73	—	—
Total	2,778	$ 18.68	—	$ 49,752

(a) All of the 2,778 shares purchased during the three months ended September 30, 2015 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants.

Item 6. Exhibits

Exhibit Number		DESCRIPTION
10.1*	—	Form of Restricted Stock Unit Agreement - Three Year Cliff Vesting (Employees and Consultants).
10.2*	—	Form of Nonstatutory Stock Option Agreement - Three Year Cliff Vesting (Employees and Consultants).
18.1**	—	Letter Regarding Change in Accounting Principles
31.1*	—	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	—	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	—	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	—	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	—	XBRL Instance Document.
101.SCH*	—	XBRL Taxonomy Extension Schema Document.
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document.

* Filed herewith.

** Furnished herewith.

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: October 30, 2015

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

RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement") is made as of the ___ day of August ___, 2015 (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 third anniversary of the Date of Grant, the Forfeiture Restrictions shall lapse with respect to 100% of the RSUs and the RSUs shall otherwise become vested as of such third anniversary.

Notwithstanding the foregoing, if a Change in Control occurs and the Employee has remained continuously employed by a member of the Company Group from the Date of Grant to the date upon which such Change in Control occurs, then the Forfeiture Restrictions shall lapse with respect to 100% of the RSUs on the date upon which such Change in Control occurs and the shares of Common Stock in respect of the vested RSUs shall be issued to the Employee thirty (30) days after the effective date of the Change in Control. 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's employment with the Company Group is terminated by reason of death or the Employee 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.

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, (i) 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, and (ii) to the extent the settlement of the RSUs constitutes non-exempt "deferred compensation" for purposes of Section 409A by reason of the occurrence of a Change in Control, such amount would not be payable or distributable to the Employee unless the

circumstances giving rise to such Change in Control meets any description or definition of "change in control event" in Section 409A and applicable regulations. 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

NONSTATUTORY STOCK OPTION AGREEMENT

This Nonstatutory Stock Option Agreement (this "Agreement") is made as of __ day of August, 2015 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 $**[Exercise Price]** 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 executive 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), with respect to 100% of the shares offered by this Option at any time and from time to time on and after the third anniversary of the Date of Grant.

Notwithstanding the foregoing, 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 Employee's employment with the Company Group terminates for any reason other than as described in (a) or (b) 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.

(c) 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 (c) 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.

(d) 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 a form satisfactory to the Company.

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

____

Exhibit 18.1

October 16, 2015

Board of Directors
Forum Energy Technologies, Inc.
920 Memorial City Way #1000,
Houston, Texas 77024

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to your Form 10-Q filing pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2015. Note 5 therein describes a change in accounting principle for the date the Company's annual impairment test is performed for goodwill and indefinite-lived intangible assets from December 31 to October 1. It should be understood that the preferability of one acceptable method of accounting over another for a change in date of the Company's annual impairment testing of goodwill and indefinite-lived intangible assets has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, the adoption of a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections*.

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2014. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Exhibit 31.1

Forum Energy Technologies, Inc.
Certification

I, C. Christopher Gaut, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting 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: October 30, 2015

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

Exhibit 31.2

Forum Energy Technologies, Inc.
Certification

I, James W. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting 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: October 30, 2015

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the “Company”) for the quarter ended September 30, 2015, 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: October 30, 2015

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

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

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the “Company”) for the quarter ended September 30, 2015, 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:	October 30, 2015	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.