

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

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

61-1488595

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

920 Memorial City Way, Suite 1000
Houston, Texas 77024

(Address of principal executive offices)

(281) 949-2500

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Non-accelerated filer

Smaller reporting company

Accelerated filer

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of April 29, 2019 there were 109,910,427 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(in thousands, except per share information)	Three Months Ended March 31,	
	2019	2018
Revenue	\$ 271,842	\$ 250,231
Cost of sales	201,744	182,944
Gross profit	70,098	67,287
Operating expenses		
Selling, general and administrative expenses	68,968	72,091
Transaction expenses	593	1,336
Contingent consideration benefit	(4,629)	—
Loss (gain) on disposal of assets and other	20	(397)
Total operating expenses	64,952	73,030
Loss from equity investment	(849)	(963)
Operating income (loss)	4,297	(6,706)
Other expense (income)		
Interest expense	8,181	8,087
Foreign exchange and other losses, net	2,277	3,551
Gain on contribution of subsea rentals business	—	(33,506)
Total other (income) expense, net	10,458	(21,868)
Income (loss) before income taxes	(6,161)	15,162
Income tax expense (benefit)	1,727	(12,904)
Net income (loss)	(7,888)	28,066
Weighted average shares outstanding		
Basic	109,643	108,423
Diluted	109,643	110,857
Earnings (loss) per share		
Basic	\$ (0.07)	\$ 0.26
Diluted	(0.07)	0.25
Other comprehensive income (loss), net of tax:		
Net income (loss)	(7,888)	28,066
Change in foreign currency translation, net of tax of \$0	4,834	6,287
Gain (loss) on pension liability	(9)	16
Comprehensive income (loss)	\$ (3,063)	\$ 34,369

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

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share information)	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 29,694	\$ 47,241
Accounts receivable—trade, net of allowances of \$9,343 and \$7,432	203,645	206,055
Inventories, net	471,641	479,023
Prepaid expenses and other current assets	28,746	23,677
Accrued revenue	1,020	862
Costs and estimated profits in excess of billings	8,074	9,159
Total current assets	742,820	766,017
Property and equipment, net of accumulated depreciation	173,172	177,358
Operating lease assets	55,408	—
Deferred financing costs, net	1,864	2,071
Intangible assets	350,309	359,048
Goodwill	470,674	469,647
Investment in unconsolidated subsidiary	45,119	44,982
Deferred income taxes, net	1,735	1,234
Other long-term assets	9,069	9,295
Total assets	\$ 1,850,170	\$ 1,829,652
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	\$ 108	\$ 1,167
Accounts payable—trade	152,310	143,186
Accrued liabilities	72,846	81,032
Deferred revenue	7,010	8,335
Billings in excess of costs and profits recognized	1,426	3,210
Total current liabilities	233,700	236,930
Long-term debt, net of current portion	487,916	517,544
Deferred income taxes, net	14,779	15,299
Operating lease liabilities	55,952	—
Other long-term liabilities	26,764	29,753
Total liabilities	819,111	799,526
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 296,000,000 shares authorized, 118,277,326 and 117,411,158 shares issued	1,183	1,174
Additional paid-in capital	1,218,963	1,214,928
Treasury stock at cost, 8,208,588 and 8,200,477 shares	(134,482)	(134,434)
Retained earnings	55,800	63,688
Accumulated other comprehensive loss	(110,405)	(115,230)
Total equity	1,031,059	1,030,126
Total liabilities and equity	\$ 1,850,170	\$ 1,829,652

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

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities		
Net income (loss)	\$ (7,888)	\$ 28,066
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	7,513	8,158
Amortization of intangible assets	8,846	10,500
Inventory write down	377	2,455
Stock-based compensation expense	3,910	5,302
Loss from unconsolidated subsidiary	849	963
Contingent consideration benefit	(4,629)	—
Gain on contribution of subsea rentals business	—	(33,506)
Deferred income taxes	(1,021)	(2,735)
Noncash losses (gains) and other, net	4,847	531
<i>Changes in operating assets and liabilities</i>		
Accounts receivable—trade	684	3,034
Inventories	6,948	(27,363)
Prepaid expenses and other assets	(3,031)	(16,770)
Cost and estimated profit in excess of billings	1,015	(3,420)
Accounts payable, deferred revenue and other accrued liabilities	1,251	6,528
Billings in excess of costs and estimated profits earned	(1,784)	(1,065)
Net cash provided by (used in) operating activities	\$ 17,887	\$ (19,322)
Cash flows from investing activities		
Capital expenditures for property and equipment	(3,687)	(5,080)
Proceeds from sale of business, property and equipment	134	5,074
Net cash used in investing activities	\$ (3,553)	\$ (6)
Cash flows from financing activities		
Borrowings of debt	20,000	—
Repayments of debt	(51,063)	(50,729)
Repurchases of stock	(973)	(1,946)
Net cash used in financing activities	\$ (32,036)	\$ (52,675)
Effect of exchange rate changes on cash	155	(873)
Net decrease in cash, cash equivalents and restricted cash	(17,547)	(72,876)
Cash, cash equivalents and restricted cash at beginning of period	47,241	115,216
Cash, cash equivalents and restricted cash at end of period	\$ 29,694	\$ 42,340
Noncash activities (1)		
Assets contributed for equity method investment	\$ —	\$ 18,070
Note receivable related to equity method investment transaction	\$ —	\$ 4,067

(1) See Note 8 Leases for additional information noncash activities related to leases and the impact from adoption of ASU 842.

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

Forum Energy Technologies, Inc. and subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

Three Months Ended March 31, 2018

(in thousands)	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Accumulated other comprehensive income / (loss)	Total equity
Balance at December 31, 2017	\$ 1,163	\$ 1,195,339	\$ (134,293)	\$ 438,774	\$ (91,967)	\$ 1,409,016
Stock-based compensation expense	—	5,302	—	—	—	5,302
Restricted stock issuance, net of forfeitures	4	(1,611)	—	—	—	(1,607)
Issuance of performance shares	2	(275)	—	—	—	(273)
Shares issued in employee stock purchase plan	1	995	—	—	—	996
Contingent shares issued for acquisition of Cooper	—	125	—	—	—	125
Treasury stock	—	—	(66)	—	—	(66)
Adjustment for adoption of ASU 2016-16 (Intra-entity asset transfers)	—	—	—	(1,006)	—	(1,006)
Currency translation adjustment	—	—	—	—	6,287	6,287
Change in pension liability	—	—	—	—	16	16
Net income	—	—	—	28,066	—	28,066
Balance at March 31, 2018	\$ 1,170	\$ 1,199,875	\$ (134,359)	\$ 465,834	\$ (85,664)	\$ 1,446,856

Three Months Ended March 31, 2019

(in thousands)	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Accumulated other comprehensive income / (loss)	Total equity
Balance at December 31, 2018	\$ 1,174	\$ 1,214,928	\$ (134,434)	\$ 63,688	\$ (115,230)	\$ 1,030,126
Stock-based compensation expense	—	3,910	—	—	—	3,910
Restricted stock issuance, net of forfeitures	6	(931)	—	—	—	(925)
Shares issued in employee stock purchase plan	2	682	—	—	—	684
Contingent shares issued for acquisition of Cooper	1	374	—	—	—	375
Treasury stock	—	—	(48)	—	—	(48)
Currency translation adjustment	—	—	—	—	4,834	4,834
Change in pension liability	—	—	—	—	(9)	(9)
Net loss	—	—	—	(7,888)	—	(7,888)
Balance at March 31, 2019	\$ 1,183	\$ 1,218,963	\$ (134,482)	\$ 55,800	\$ (110,405)	\$ 1,031,059

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," "we," "our," or "us"), a Delaware corporation, is a global oilfield products company, serving the drilling, subsea, completions, 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 intercompany transactions have been eliminated in consolidation.

Our investments in operating entities where we have the ability to exert significant influence, but do not control operating and financial policies, are accounted for using the equity method of accounting, with our share of the net income reported in "Loss from equity investment" in the condensed consolidated statements of comprehensive income (loss). These investments are included in "Investment in unconsolidated subsidiary" in the condensed consolidated balance sheets. The Company's share of equity earnings are reported within operating income (loss), as the investee's operations are integral to the operations of the Company.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company's financial position, results of operations and cash flows have been included. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019 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, 2018, which are included in the Company's 2018 Annual Report on Form 10-K filed with the SEC on February 28, 2019 (the "Annual Report").

Change of Segment

In the first quarter 2019, we changed our reporting segments in order to align with business activity drivers and the manner in which management reviews and evaluates operating performance. Forum now operates in the following three reporting segments: Drilling & Downhole, Completions and Production. This move better aligns with the key phases of the well cycle and provides improved operating efficiencies. Historically, we operated in three business segments: Drilling & Subsea, Completions, and Production & Infrastructure. We have moved the Downhole product line from Completions to Drilling & Subsea to form the new Drilling & Downhole segment. Completions retains the Stimulation & Intervention and Coiled Tubing product lines. Finally, we renamed Production & Infrastructure as the Production segment. Our historical results of operations have been recast to retrospectively reflect these changes in accordance with generally accepted accounting principles. Refer to Note 11 *Business Segments* for further information.

2. Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), which we adopt 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 our consolidated financial statements upon adoption.

Accounting Standards Adopted in 2019

Stranded Tax Effects from the Tax Cuts and Jobs Act. In February 2018, the FASB issued ASU No. 2018-02 Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. U.S. GAAP requires deferred tax liabilities and assets to be adjusted for the effect of a change in tax laws or rates, with the effect included in income from continuing operations in the reporting period that includes the enactment date, even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income (referred to as "stranded tax effects"). The amendments in this ASU allow a specific exception for reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

from the Tax Cuts and Jobs Act. The underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. In addition, the amendments in this update also require certain disclosures about stranded tax effects. We applied the update beginning January 1, 2019. The adoption of this new guidance had no material impact on our unaudited condensed consolidated financial statements.

Leases. In February 2016, the FASB issued ASU No. 2016-02, Leases (“ASU 842”). Under this new guidance, lessees are required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases (finance and operating). The classification as either a financing or operating lease determines whether lease expense is recognized on an effective interest method basis or on a straight-line basis over the term of the lease, respectively.

We adopted this new standard as of January 1, 2019 using the modified retrospective transition method which requires leases existing at, or entered into after, January 1, 2019 to be recognized and measured. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We took advantage of various practical expedients provided by the new standard, including:

- use of the transition package of practical expedients which, among other things, allows us to carry forward the historical lease classification for existing leases;
- making an accounting policy election for leases with an initial term of 12 months or less to be excluded from the balance sheet; and
- electing to not separate non-lease components from lease components for all classes of underlying lease assets

The adoption of this standard resulted in the recording of net operating lease assets of approximately \$54 million and operating lease liabilities of approximately \$65 million as of January 1, 2019. The new standard did not materially affect our Condensed Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31, 2019. For additional information, please refer to Note 8 *Leases*.

Accounting Standards Issued But Not Yet Adopted

Accounting for Implementation Costs Related to a Cloud Computing Arrangement. In August 2018, the FASB issued ASU No. 2018-15 Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract. This new guidance aligns the requirements for capitalizing implementation costs incurred by an entity related to a cloud computing arrangement with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Accordingly, this guidance requires an entity to capitalize certain implementation costs incurred and then amortize them over the term of the cloud hosting arrangement. Furthermore, this guidance also requires an entity to present the expense, cash flows, and capitalized implementation costs in the same financial statement line items as the associated hosting service. This new guidance will take effect for public companies with fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and early adoption is permitted. The amendments in this update should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We are currently evaluating the impact of adopting this guidance.

Fair Value Measurement Disclosure. In August 2018, the FASB issued ASU No. 2018-13 Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirement for Fair Value Measurement. This new guidance eliminated, modified and added certain disclosure requirements related to fair value measurements. The amended disclosure requirements are effective for all entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. We are evaluating the impact of adopting this guidance. However, we currently expect that the adoption of this guidance will not have a material impact on our unaudited condensed consolidated financial statements.

Financial Instruments—Credit Losses. In June 2016, the FASB issued ASU No. 2016-13 Financial Instruments—Credit Losses (Topic 326), which introduced an expected credit loss methodology for the impairment of financial assets measured at amortized cost basis. It requires an entity to estimate credit losses expected over the life of an exposure based on historical information, current information, and reasonable and supportable forecasts, including estimates of prepayments. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This guidance will take effect for public companies with fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are currently evaluating the impact of adopting this guidance.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

3. Revenues

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. For a detailed discussion of revenue recognition policies, refer to the Company's 2018 Annual Report on Form 10-K.

Disaggregated Revenue

Refer to Note 11 *Business Segments* for disaggregated revenue by product line and geography.

Contract Balances

Contract balances are determined on a contract by contract basis. Contract assets represent revenue recognized for goods and services provided to our customers when payment is conditioned on something other than the passage of time. Similarly, when we receive consideration, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a sales contract, we record a contract liability. Such contract liabilities typically result from billings in excess of costs incurred on construction contracts and advance payments received on product sales.

The following table reflects the changes in our contract assets and contract liabilities balances for the three months ended March 31, 2019:

	March 31, 2019	December 31, 2018	Decrease	
			\$	%
Accrued revenue	\$ 1,020	\$ 862		
Costs and estimated profits in excess of billings	8,074	9,159		
Contract assets	\$ 9,094	\$ 10,021	\$ (927)	(9)%
Deferred revenue	\$ 7,010	\$ 8,335		
Billings in excess of costs and profits recognized	1,426	3,210		
Contract liabilities	\$ 8,436	\$ 11,545	\$ (3,109)	(27)%

During the three months ended March 31, 2019, our contract assets decreased by \$0.9 million primarily due to the timing of orders and billings in our Production Equipment product line and our contract liabilities decreased by \$3.1 million primarily due the timing of billings for customer projects in our Subsea product line.

During the three months ended March 31, 2019, we recognized revenue of \$7.6 million that was included in the contract liability balance at the beginning of the period.

In the second quarter of 2018, our Subsea Technologies product line received an order to supply a submarine rescue vehicle and related equipment which we expect to deliver in 2020. We use the cost-to-cost method to measure progress on this contract to recognize revenue over time. Other than this contract, all of our other contracts are less than one year in duration. As such, we have elected to apply the practical expedient which allows an entity to exclude disclosures about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

4. Acquisitions & Dispositions

2018 Acquisition of Houston Global Heat Transfer LLC

On October 5, 2018, we acquired 100% of the stock of Houston Global Heat Transfer LLC ("GHT") for total aggregate consideration of \$57.3 million, net of cash acquired. The aggregate consideration includes the estimated fair value (as of the acquisition date) of certain contingent cash payments due to the former owners of GHT if certain conditions are met in 2019 and 2020. Based in Houston, Texas, GHT designs, engineers, and manufactures premium industrial heat exchanger and cooling systems used primarily on hydraulic fracturing equipment. GHT's flagship product, the Jumbotron, is an innovative cube-style radiator that substantially reduces customer maintenance expense. This acquisition is included in the Completions segment. We updated the estimated fair value of the contingent cash payments in the first quarter of 2019 and recognized a \$4.6 million reduction in the contingent cash liability. This gain is included in contingent consideration benefit in the condensed consolidated statement of comprehensive income.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the acquisition (in thousands):

Current assets, net of cash acquired	\$	18,655
Property and equipment		2,408
Non-current assets		238
Intangible assets (primarily customer relationships)		30,400
Tax-deductible goodwill		20,559
Current liabilities		(12,633)
Long-term liabilities	\$	(2,355)
Net assets acquired, net of cash acquired	\$	<u>57,272</u>

Revenue and net income for this acquisition were not significant for the three months ended March 31, 2019. Pro forma results of operations for this acquisition have not been presented because the effects were not material to the consolidated financial statements.

2018 Acquisition of ESP Completion Technologies LLC

On July 2, 2018, we acquired certain assets of ESP Completion Technologies LLC ("ESPCT"), a subsidiary of C&J Energy Services, for cash consideration of \$8.0 million. ESPCT consists of a portfolio of early stage technologies that maximize the run life of artificial lift systems, primarily electric submersible pumps. This acquisition is included in the Drilling and Downhole segment. The fair values of the assets acquired and liabilities assumed as well as the pro forma results of operations for this acquisition have not been presented because they are not material to the consolidated financial statements.

2018 Disposition of Forum Subsea Rentals

On January 3, 2018, we contributed our subsea rentals business to Ashtead Technology to create an independent provider of subsea survey and equipment rental services. In exchange, we received a 40% interest in the combined business ("Ashtead"), a cash payment of £2.7 million British Pounds and a note receivable from Ashtead of £3.0 million British Pounds. Our 40% interest in Ashtead is accounted for as an equity method investment and reported as *Investment in unconsolidated subsidiary* in our condensed consolidated balance sheets. In the first quarter of 2018, we recognized a gain of \$33.5 million as a result of the deconsolidation of our Forum Subsea Rentals business, which is classified as *Gain on contribution of subsea rentals business* in the condensed consolidated statements of comprehensive income (loss). This gain is equal to the sum of the consideration received, which includes the fair value of our 40% interest in Ashtead, £2.7 million British Pounds in cash, and the £3.0 million British Pounds note receivable from Ashtead, less the \$18.1 million carrying value of the Forum subsea rentals assets at the time of closing. The fair value of our 40% interest in Ashtead was determined based on the present value of estimated future cash flows of the combined entity as of January 3, 2018. The difference between the fair value of our 40% interest in Ashtead of \$43.8 million and the book value of the underlying net assets resulted in a basis difference, which was allocated to fixed assets, intangible assets and goodwill based on their respective fair values as of January 3, 2018. The basis difference allocated to fixed assets and intangible assets is amortized through equity earnings (loss) over the estimated life of the respective assets. Pro forma results of operations for this transaction have not been presented because the effects were not material to the consolidated financial statements.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

5. Inventories

Our significant components of inventory at March 31, 2019 and December 31, 2018 were as follows (in thousands):

	March 31, 2019	December 31, 2018
Raw materials and parts	\$ 197,598	\$ 212,526
Work in process	38,206	39,494
Finished goods	303,275	302,590
Gross inventories	539,079	554,610
Inventory reserve	(67,438)	(75,587)
Inventories	<u>\$ 471,641</u>	<u>\$ 479,023</u>

6. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill from December 31, 2018 to March 31, 2019, were as follows (in thousands):

	Drilling & Downhole	Completions	Production	Total
Goodwill Balance at December 31, 2018	\$ 191,151	\$ 259,280	\$ 19,216	\$ 469,647
Purchase accounting adjustments	427	—	—	427
Impact of non-U.S. local currency translation	68	485	47	600
Goodwill Balance at March 31, 2019	<u>\$ 191,646</u>	<u>\$ 259,765</u>	<u>\$ 19,263</u>	<u>\$ 470,674</u>

We perform our annual impairment tests of goodwill as of October 1 or when there is an indication an impairment may have occurred. There were no impairments of goodwill during the three months ended March 31, 2019 and 2018. Accumulated impairment losses on goodwill were \$535.6 million as of March 31, 2019 and December 31, 2018.

Intangible assets

Intangible assets consisted of the following as of March 31, 2019 and December 31, 2018, respectively (in thousands):

	March 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Amortizable Intangibles	Amortization Period (In Years)
Customer relationships	\$ 337,758	\$ (115,819)	\$ 221,939	4-15
Patents and technology	104,384	(18,855)	85,529	5-17
Non-compete agreements	6,259	(5,694)	565	3-6
Trade names	47,560	(19,336)	28,224	10-15
Distributor relationships	22,160	(17,918)	4,242	8-15
Trademarks	10,319	(509)	9,810	15 - Indefinite
Intangible Assets Total	<u>\$ 528,440</u>	<u>\$ (178,131)</u>	<u>\$ 350,309</u>	

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

	December 31, 2018			
	Gross Carrying Amount	Accumulated Amortization	Net Amortizable Intangibles	Amortization Period (In Years)
Customer relationships	\$ 337,546	\$ (110,228)	\$ 227,318	4-15
Patents and technology	104,394	(17,148)	87,246	5-17
Non-compete agreements	6,245	(5,600)	645	3-6
Trade names	47,493	(18,107)	29,386	10-15
Distributor relationships	22,160	(17,602)	4,558	8-15
Trademarks	10,319	(424)	9,895	15 - Indefinite
Intangible Assets Total	\$ 528,157	\$ (169,109)	\$ 359,048	

Intangible assets with definite lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. There were no intangible asset impairments during the three months ended March 31, 2019 and 2018.

7. Debt

Notes payable and lines of credit as of March 31, 2019 and December 31, 2018 consisted of the following (in thousands):

	March 31, 2019	December 31, 2018
6.25% Senior Notes due October 2021	\$ 400,000	\$ 400,000
Unamortized debt premium	1,075	1,176
Debt issuance cost	(2,845)	(3,121)
Senior secured revolving credit facility	89,000	119,000
Other debt	794	1,656
Total debt	488,024	518,711
Less: current maturities	(108)	(1,167)
Long-term debt	<u>\$ 487,916</u>	<u>\$ 517,544</u>

Senior Notes Due 2021

In October 2013, we issued \$300.0 million of 6.25% senior unsecured notes due 2021 at par, and in November 2013, we issued an additional \$100.0 million aggregate principal amount of the notes at a price of 103.25% of par (the "Senior Notes"). The Senior Notes bear interest at a rate of 6.25% 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 our subsidiaries that guarantee the Credit Facility and rank junior to, among other indebtedness, the Credit Facility to the extent of the value of the collateral securing the Credit Facility.

Credit Facility

On October 30, 2017, we amended and restated our credit facility (such amended and restated credit facility, the "Credit Facility") to, among other things, increase revolving credit commitments from \$140.0 million to \$300.0 million (with a sublimit of up to \$25.0 million available for the issuance of letters of credit for the account of the Company and certain of our domestic subsidiaries) (the "U.S. Line"), of which up to \$30.0 million is available to certain of our Canadian subsidiaries for loans in U.S. or Canadian dollars (with a sublimit of up to \$3.0 million available for the issuance of letters of credit for the account of our Canadian subsidiaries) (the "Canadian Line"). Lender commitments under the Credit Facility, subject to certain limitations, may be increased by an additional \$100.0 million. The Credit Facility matures in July 2021, but if our outstanding Notes due October 2021 are refinanced or replaced with indebtedness maturing in or after February 2023, the final maturity of the Credit Facility will automatically extend to October 2022.

Availability under the Credit Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the U.S., Canada and certain other jurisdictions (subject to a cap) and eligible inventory in the U.S. and Canada.

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Notes to Condensed Consolidated Financial Statements (Continued)
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Our borrowing capacity under the Credit Facility could be reduced or eliminated, depending on future fluctuations in our balances of receivables and inventory. As of March 31, 2019, our total borrowing base was \$299.4 million, of which \$89.0 million was drawn and \$16.0 million was used for security of outstanding letters of credit, resulting in availability of \$194.4 million.

Borrowings under the U.S. Line bear interest at a rate equal to, at our option, either (a) the LIBOR rate or (b) a base rate determined by reference to the highest of (i) the rate of interest per annum determined from time to time by Wells Fargo as its prime rate in effect at its principal office in San Francisco, (ii) the federal funds rate plus 0.50% per annum and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin. Borrowings under the Canadian Line bear interest at a rate equal to, at Forum Canada's option, either (a) the CDOR rate or (b) a base rate determined by reference to the highest of (i) the prime rate for Canadian dollar commercial loans made in Canada as reported from time to time by Thomson Reuters and (ii) the CDOR rate plus 1.00%, in each case plus an applicable margin. The applicable margin for LIBOR and CDOR loans will initially range from 1.75% to 2.25%, depending upon average excess availability under the Credit Facility. After the first quarter in which our total leverage ratio is less than or equal to 4.00:1.00, the applicable margin for LIBOR and CDOR loans will range from 1.50% to 2.00%, depending upon average excess availability under the Credit Facility. The weighted average interest rate under the Credit Facility was approximately 4.50% for the three months ended March 31, 2019.

The Credit Facility also provides for a commitment fee in the amount of (a) 0.375% per annum on the unused portion of commitments if average usage of the Credit Facility is greater than 50% and (b) 0.500% per annum on the unused portion of commitments if average usage of the Credit Facility is less than or equal to 50%. After the first quarter in which our total leverage ratio is less than or equal to 4.00:1.00, the commitment fees will range from 0.25% to 0.375%, depending upon average usage of the Credit Facility.

If excess availability under the Credit Facility falls below the greater of 10% of the borrowing base and \$20.0 million, we will be required to maintain a fixed charge coverage ratio of at least 1.00:1.00 as of the end of each fiscal quarter until excess availability under the Credit Facility exceeds such thresholds for at least 60 consecutive days.

Deferred Loan Costs

We have incurred loan costs that have been deferred and are amortized to interest expense over the term of the Senior Notes and the Credit Facility.

Other Debt

Other debt consists primarily of various capital leases.

Letters of Credit and Guarantees

We execute letters of credit in the normal course of business to secure the delivery of product from specific vendors and also to guarantee our fulfillment of performance obligations relating to certain large contracts. We had \$16.5 million and \$13.6 million in total outstanding letters of credit as of March 31, 2019 and December 31, 2018, respectively.

8. Leases

We determine if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded in our condensed consolidated balance sheets. Leases with an initial term greater than 12 months are recognized in our condensed consolidated balance sheets based on lease classification as either operating or financing. Operating leases are included in operating lease assets, accrued liabilities and operating lease liabilities. Finance leases are included in property and equipment, current portion of long-term debt, and long-term debt. Some of our lease agreements include lease and non-lease components for which we have elected to not separate for all classes of underlying assets. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We sublease certain real estate to third parties when we have no future use for the property.

Our lease portfolio primarily consists of operating leases for certain manufacturing facilities, warehouses, service facilities, office spaces, equipment and vehicles. Operating lease Right of Use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments at the commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Our leases have remaining terms of 1 year to 15 years and may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. The operating lease ROU asset also includes any upfront lease payments

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made and excludes lease incentives and initial direct costs incurred. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The following table summarizes the supplemental balance sheet information related to lease as of March 31, 2019 (in thousands, unaudited):

Classification	As of March 31, 2019
Assets	
Operating lease assets	55,408
Finance lease assets	903
Total lease assets	56,311
Liabilities	
Current	
Operating	13,670
Finance	108
Noncurrent	
Operating	55,952
Finance	687
Total lease liabilities	70,417

The following table summarizes the components of lease expenses for the three months ended March 31, 2019 (in thousands, unaudited):

Lease Cost	Classification	Three Months Ended March 31, 2019
Operating lease cost	Cost of sales and Selling, general and administrative expenses	\$ 4,140
Finance lease cost		
Amortization of leased assets	Selling, general and administrative expenses	72
Interest on lease liabilities	Interest expense	16
Sublease income	Cost of sales and Selling, general and administrative expenses	(209)
Net lease cost		\$ 4,019

The maturities of lease liabilities as of March 31, 2019 are as follows (in thousands, unaudited):

	Operating Leases	Finance Leases	Total
Remainder of 2019	\$ 13,352	\$ 316	\$ 13,668
2020	15,614	349	15,963
2021	13,278	349	13,627
2022	9,428	53	9,481
2023	6,266	7	6,273
2024	5,388	—	5,388
Thereafter	24,341	—	24,341
Total lease payments	87,667	1,074	88,741
Less: present value discount	(18,045)	(279)	(18,324)
Present value of lease liabilities	\$ 69,622	\$ 795	\$ 70,417

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The following table summarizes the weighted-average remaining lease term and weighted average discount rates related to leases as of March 31, 2019:

Lease Term and Discount Rate	March 31, 2019
Weighted-average remaining lease term (years)	
Operating leases	7.07 years
Financing leases	3.20 years
Weighted-average discount rate	
Operating leases	6.58%
Financing leases	6.58%

The following table summarizes the supplemental cash flow information related to leases as of March 31, 2019:

	Three Months Ended March 31, 2019	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	4,755
Operating cash flows from finance leases		16
Financing cash flows from finance leases		1,063
Noncash activities from right-of-use assets obtained in exchange for lease obligations:		
Operating leases		6,568
Finance leases		453
Noncash activities from adoption of ASC 842 as of January 1, 2019		
Prepaid expenses and other current assets	\$	(884)
Operating lease assets	\$	54,069
Operating lease liabilities	\$	64,506
Accrued liabilities	\$	(11,321)

9. Income Taxes

We recorded a tax expense of \$1.7 million for the three months ended March 31, 2019 compared to a tax benefit of \$12.9 million for the three months ended March 31, 2018.

For interim periods, our income tax expense or benefit is computed based upon our estimated annual effective tax rate and any discrete items that impact the interim periods. The estimated annual effective tax rate for the three months ended March 31, 2019 is different than the comparable period in 2018 primarily due to losses in jurisdictions where the recording of a tax benefit is not available, as well as a \$16.2 million tax benefit recorded in the first quarter of 2018 related to an adjustment of the provisional tax impact of U.S. tax reform. The tax benefit or expense recorded can vary from period to period depending on the Company's relative mix of U.S. and non-U.S. earnings and losses by jurisdiction.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act of 2017, a comprehensive U.S. tax reform package that, effective January 1, 2018, among other things, lowered the corporate income tax rate from 35% to 21% and moved the country towards a territorial tax system with a one-time mandatory tax on previously deferred earnings of non-U.S. subsidiaries. The effects of U.S. tax reform on us include two major categories: (i) recognition of liabilities for taxes on mandatory deemed repatriation and (ii) re-measurement of deferred taxes.

During 2018, we completed our analysis of the impact of U.S. tax reform based on further guidance provided on the new tax law by the U.S. Treasury Department and Internal Revenue Service. We finalized our accounting for the effects of U.S. tax reform during 2018 based on the additional guidance issued and recognized an income tax benefit of \$15.6 million for the year ended December 31, 2018, including the \$16.2 million tax benefit recorded for the three months ended March 31, 2018.

We have deferred tax assets related to net operating loss carryforwards in the U.S. and in certain states and foreign jurisdictions. We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future

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reversals of existing taxable temporary differences, projected future taxable income, including the effect of U.S. tax reform, tax-planning and recent operating results. As of March 31, 2019, we do not anticipate being able to fully utilize all of the losses prior to their expiration in the following jurisdictions: the U.S, the U.K, Germany and Singapore. As a result, we have certain valuation allowances against our deferred tax assets as of March 31, 2019.

10. Fair Value Measurements

At March 31, 2019 and December 31, 2018, the Company had \$89.0 million and \$119.0 million, respectively, of debt outstanding under the Credit Facility which 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 our Senior Notes is estimated using Level 2 inputs in the fair value hierarchy and is based on quoted prices for those or similar instruments. At March 31, 2019, the fair value and the carrying value of our Senior Notes approximated \$355.0 million and \$398.2 million, respectively. At December 31, 2018, the fair value and the carrying value of our Senior Notes approximated \$362.0 million and \$398.1 million, respectively.

There were no other outstanding financial assets as of March 31, 2019 and December 31, 2018 that required measuring the amounts at fair value. We did not change our valuation techniques associated with recurring fair value measurements from prior periods, and there were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2019.

11. Business Segments

In the first quarter 2019, we changed our reporting segments in order to align with business activity drivers and the manner in which management reviews and evaluates operating performance. Forum now operates in the following three reporting segments: Drilling & Downhole, Completions and Production. This move better aligns with the key phases of the well cycle and provides improved operating efficiencies. Historically, we operated in three business segments: Drilling & Subsea, Completions, and Production & Infrastructure. We have moved the Downhole product line from Completions to Drilling & Subsea to form the new Drilling & Downhole segment. Completions retains the Stimulation & Intervention and Coiled Tubing product lines. Finally, we renamed Production & Infrastructure as the Production segment. Our historical results of operations have been recast to retrospectively reflect these changes in accordance with generally accepted accounting principles.

The Drilling & Downhole segment designs and manufactures products and provides related services to the drilling, well construction, artificial lift and subsea energy construction and services markets as well as other markets such as alternative energy, defense and communications. The Completions segment designs, manufactures and supplies products and provides related services to the completion, stimulation and intervention markets. The Production segment designs, manufactures and supplies products, and provides related equipment and services for production and infrastructure markets.

The Company's reportable segments are strategic units that offer distinct products and services. They are managed separately since each business segment requires different marketing strategies. Operating segments have not been aggregated as part of a reportable segment. The Company evaluates the performance of its reportable segments based on operating income. This segmentation is representative of the manner in which our Chief Operating Decision Maker and our board of directors view the business. We consider the Chief Operating Decision Maker to be the Chief Executive Officer.

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Notes to Condensed Consolidated Financial Statements (Continued)
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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 March 31,	
	2019	2018
Revenue:		
Drilling & Downhole	\$ 85,940	\$ 76,864
Completions	94,659	88,054
Production	91,995	86,421
Eliminations	(752)	(1,108)
Total revenue	\$ 271,842	\$ 250,231
Operating income (loss)		
Drilling & Downhole	\$ (2,499)	\$ (10,310)
Completions	6,851	8,961
Production	4,335	4,162
Corporate	(8,406)	(8,580)
Segment operating income (loss)	281	(5,767)
Transaction expenses	593	1,336
Contingent consideration benefit	(4,629)	—
Loss (gain) on disposal of assets and other	20	(397)
Operating income (loss)	\$ 4,297	\$ (6,706)

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

	March 31, 2019	December 31, 2018
Drilling & Downhole	\$ 679,735	\$ 663,414
Completions	870,569	872,731
Production	251,623	243,354
Corporate	48,243	50,153
Total assets	\$ 1,850,170	\$ 1,829,652

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

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Notes to Condensed Consolidated Financial Statements (Continued)
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The following table presents our revenues disaggregated by product line (in thousands):

	Three Months Ended March 31,	
	2019	2018
Drilling Technologies	\$ 41,926	\$ 42,757
Downhole Technologies	30,425	24,527
Subsea Technologies	13,589	9,580
Stimulation and Intervention	51,311	51,060
Coiled Tubing	43,348	36,994
Production Equipment	36,568	31,456
Valve Solutions	55,427	54,965
Eliminations	(752)	(1,108)
Total revenue	\$ 271,842	\$ 250,231

The following table presents our revenues disaggregated by geography (in thousands):

	Three Months Ended March 31,	
	2019	2018
United States	\$ 196,967	\$ 190,064
Canada	16,463	19,194
Europe & Africa	17,597	13,890
Middle East	19,285	10,570
Asia-Pacific	14,759	8,850
Latin America	6,771	7,663
Total Revenue	\$ 271,842	\$ 250,231

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 and the availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are considered to be probable and can be reasonably estimated. The reserves accrued at March 31, 2019 and December 31, 2018, 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.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
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13. Earnings Per Share

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

	Three Months Ended March 31,			
	2019		2018	
Net income (loss)	\$	(7,888)	\$	28,066
Basic - weighted average shares outstanding		109,643		108,423
Dilutive effect of stock options and restricted stock		—		2,434
Diluted - weighted average shares outstanding		109,643		110,857
Earnings (loss) per share				
Basic	\$	(0.07)	\$	0.26
Diluted	\$	(0.07)	\$	0.25

The calculation of diluted earnings per share excludes approximately 3.3 million shares that were anti-dilutive for the three months ended March 31, 2018. The calculation of diluted loss per share excludes all potentially dilutive shares for the three months ended March 31, 2019 because there was a net loss for the period.

14. Stockholders' Equity

Stock-based compensation

During the three months ended March 31, 2019, the Company granted 1,324,319 shares of restricted stock and restricted stock units and 390,896 performance share awards with a market condition.

The 1,324,319 shares of restricted stock and restricted stock units include 1,089,871 shares granted to employees that vest ratably over 3 years and 234,448 shares granted to non-employee members of the Board of Directors that have a vesting period of 12 months.

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 award agreements will be determined based on the total shareholder return of the Company's common stock as compared to a group of peer companies. The performance share awards granted in February 2019 are measured over a three year performance period.

15. Related Party Transactions

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

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

16. Condensed Consolidating Financial Statements

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

Condensed consolidating statements of comprehensive income (loss)

	Three Months Ended March 31, 2019				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Revenue	\$ —	\$ 236,806	\$ 50,213	\$ (15,177)	\$ 271,842
Cost of sales	—	175,854	40,093	(14,203)	201,744
Gross Profit	—	60,952	10,120	(974)	70,098
Operating Expenses					
Selling, general and administrative expenses	—	57,410	11,558	—	68,968
Transaction Expenses	—	543	50	—	593
Contingent consideration benefit	—	(4,629)	—	—	(4,629)
Loss (gain) on disposal of assets and other	—	78	(58)	—	20
Total operating expenses	—	53,402	11,550	—	64,952
Loss from equity investment	—	(471)	(378)	—	(849)
Equity earnings (loss) from affiliate, net of tax	358	(6,608)	—	6,250	—
Operating income (loss)	358	471	(1,808)	5,276	4,297
Other expense (income)					
Interest expense (income)	8,246	(11)	(54)	—	8,181
Foreign exchange and other losses, net	—	72	2,205	—	2,277
Total other expense	8,246	61	2,151	—	10,458
Income (loss) before income taxes	(7,888)	410	(3,959)	5,276	(6,161)
Income tax expense	—	52	1,675	—	1,727
Net income (loss)	(7,888)	358	(5,634)	5,276	(7,888)
Other comprehensive income (loss), net of tax:					
Net income (loss)	(7,888)	358	(5,634)	5,276	(7,888)
Change in foreign currency translation, net of tax of \$0	4,834	4,834	4,834	(9,668)	4,834
Loss on pension liability	(9)	(9)	(9)	18	(9)
Comprehensive income (loss)	\$ (3,063)	\$ 5,183	\$ (809)	\$ (4,374)	\$ (3,063)

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Condensed consolidating statements of comprehensive income

	Three Months Ended March 31, 2018				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Revenue	\$ —	\$ 218,949	\$ 43,753	\$ (12,471)	\$ 250,231
Cost of sales	—	159,305	35,898	(12,259)	182,944
Gross Profit	—	59,644	7,855	(212)	67,287
Operating Expenses					
Selling, general and administrative expenses	—	60,073	12,018	—	72,091
Transaction Expenses	—	1,329	7	—	1,336
Loss (gain) on disposal of assets and other	—	(631)	234	—	(397)
Total operating expenses	—	60,771	12,259	—	73,030
Loss from equity investment	—	(10)	(953)	—	(963)
Equity earnings from affiliate, net of tax	34,321	28,307	—	(62,628)	—
Operating income (loss)	34,321	27,170	(5,357)	(62,840)	(6,706)
Other expense (income)					
Interest expense (income)	7,918	343	(174)	—	8,087
Foreign exchange and other losses, net	—	—	3,551	—	3,551
(Gain) loss on contribution of subsea rentals business	—	5,856	(39,362)	—	(33,506)
Total other expense (income), net	7,918	6,199	(35,985)	—	(21,868)
Income before taxes	26,403	20,971	30,628	(62,840)	15,162
Income tax expense (benefit)	(1,663)	(13,350)	2,109	—	(12,904)
Net income	28,066	34,321	28,519	(62,840)	28,066
Other comprehensive income, net of tax:					
Net income	28,066	34,321	28,519	(62,840)	28,066
Change in foreign currency translation, net of tax of \$0	6,287	6,287	6,287	(12,574)	6,287
Gain on pension liability	16	16	16	(32)	16
Comprehensive income	\$ 34,369	\$ 40,624	\$ 34,822	\$ (75,446)	\$ 34,369

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Condensed consolidating balance sheets

	March 31, 2019				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Assets					
Current assets					
Cash and cash equivalents	\$ —	\$ 11,901	\$ 17,793	\$ —	\$ 29,694
Accounts receivable—trade, net	—	175,441	28,204	—	203,645
Inventories, net	—	403,642	76,065	(8,066)	471,641
Prepaid expenses and other current assets	—	28,746	—	—	28,746
Accrued revenue	—	198	822	—	1,020
Costs and estimated profits in excess of billings	—	4,160	3,914	—	8,074
Total current assets	—	624,088	126,798	(8,066)	742,820
Property and equipment, net of accumulated depreciation	—	152,522	20,650	—	173,172
Operating lease assets	—	34,789	20,619	—	55,408
Deferred financing costs, net	1,864	—	—	—	1,864
Intangible assets	—	312,431	37,878	—	350,309
Goodwill	—	433,843	36,831	—	470,674
Investment in unconsolidated subsidiary	—	752	44,367	—	45,119
Deferred income taxes, net	—	1,473	262	—	1,735
Other long-term assets	—	4,152	4,917	—	9,069
Investment in affiliates	882,949	263,935	—	(1,146,884)	—
Long-term advances to affiliates	646,451	—	99,101	(745,552)	—
Total assets	\$ 1,531,264	\$ 1,827,985	\$ 391,423	\$ (1,900,502)	\$ 1,850,170
Liabilities and equity					
Current liabilities					
Current portion of long-term debt	\$ —	\$ 90	\$ 18	\$ —	\$ 108
Accounts payable—trade	—	128,851	23,459	—	152,310
Accrued liabilities	12,975	18,823	41,048	—	72,846
Deferred revenue	—	3,504	3,506	—	7,010
Billings in excess of costs and profits recognized	—	80	1,346	—	1,426
Total current liabilities	12,975	151,348	69,377	—	233,700
Long-term debt, net of current portion	487,230	672	14	—	487,916
Deferred income taxes, net	—	—	14,779	—	14,779
Operating lease liabilities	—	34,189	21,763	—	55,952
Other long-term liabilities	—	13,275	13,489	—	26,764
Long-term payables to affiliates	—	745,552	—	(745,552)	—
Total liabilities	500,205	945,036	119,422	(745,552)	819,111
Total equity					
	1,031,059	882,949	272,001	(1,154,950)	1,031,059
Total liabilities and equity	\$ 1,531,264	\$ 1,827,985	\$ 391,423	\$ (1,900,502)	\$ 1,850,170

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Condensed consolidating balance sheets

	December 31, 2018				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Assets					
Current assets					
Cash and cash equivalents	\$ —	\$ 24,977	\$ 22,264	\$ —	\$ 47,241
Accounts receivable—trade, net	—	177,986	28,069	—	206,055
Inventories, net	—	416,237	69,878	(7,092)	479,023
Prepaid expenses and other current assets	—	23,585	92	—	23,677
Accrued revenue	—	—	862	—	862
Costs and estimated profits in excess of billings	—	6,202	2,957	—	9,159
Total current assets	—	648,987	124,122	(7,092)	766,017
Property and equipment, net of accumulated depreciation	—	156,434	20,924	—	177,358
Deferred financing costs, net	2,071	—	—	—	2,071
Intangible assets	—	320,056	38,992	—	359,048
Goodwill	—	433,415	36,232	—	469,647
Investment in unconsolidated subsidiary	—	1,222	43,760	—	44,982
Deferred income taxes, net	—	1,170	64	—	1,234
Other long-term assets	—	4,194	5,101	—	9,295
Investment in affiliates	877,764	265,714	—	(1,143,478)	—
Long-term advances to affiliates	674,220	—	98,532	(772,752)	—
Total assets	\$ 1,554,055	\$ 1,831,192	\$ 367,727	\$ (1,923,322)	\$ 1,829,652
Liabilities and equity					
Current liabilities					
Current portion of long-term debt	\$ —	\$ 1,150	\$ 17	\$ —	\$ 1,167
Accounts payable—trade	—	121,019	22,167	—	143,186
Accrued liabilities	6,873	40,913	33,246	—	81,032
Deferred revenue	—	4,742	3,593	—	8,335
Billings in excess of costs and profits recognized	—	84	3,126	—	3,210
Total current liabilities	6,873	167,908	62,149	—	236,930
Long-term debt, net of current portion	517,056	480	8	—	517,544
Deferred income taxes, net	—	—	15,299	—	15,299
Other long-term liabilities	—	12,288	17,465	—	29,753
Long-term payables to affiliates	—	772,752	—	(772,752)	—
Total liabilities	523,929	953,428	94,921	(772,752)	799,526
Total equity	1,030,126	877,764	272,806	(1,150,570)	1,030,126
Total liabilities and equity	\$ 1,554,055	\$ 1,831,192	\$ 367,727	\$ (1,923,322)	\$ 1,829,652

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Condensed consolidating statements of cash flows

	Three Months Ended March 31, 2019				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Cash flows from operating activities	\$ 3,037	\$ 18,284	\$ (3,434)	\$ —	\$ 17,887
Cash flows from investing activities					
Capital expenditures for property and equipment	—	(3,294)	(393)	—	(3,687)
Proceeds from sale of business, property and equipment	—	134	—	—	134
Long-term loans and advances to affiliates	27,936	799	—	(28,735)	—
Net cash provided by (used in) investing activities	\$ 27,936	\$ (2,361)	\$ (393)	\$ (28,735)	\$ (3,553)
Cash flows from financing activities					
Borrowings of debt	20,000	—	—	—	20,000
Repayments of debt	(50,000)	(1,063)	—	—	(51,063)
Repurchases of stock	(973)	—	—	—	(973)
Long-term loans and advances from affiliates	—	(27,936)	(799)	28,735	—
Net cash used in financing activities	\$ (30,973)	\$ (28,999)	\$ (799)	\$ 28,735	\$ (32,036)
Effect of exchange rate changes on cash	—	—	155	—	155
Net decrease in cash, cash equivalents and restricted cash	—	(13,076)	(4,471)	—	(17,547)
Cash, cash equivalents and restricted cash at beginning of period	—	24,977	22,264	—	47,241
Cash, cash equivalents and restricted cash at end of period	\$ —	\$ 11,901	\$ 17,793	\$ —	\$ 29,694

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Condensed consolidating statements of cash flows

	Three Months Ended March 31, 2018				
	FET (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Cash flows from operating activities	\$ 7,196	\$ 3,050	\$ (5,618)	\$ (23,950)	\$ (19,322)
Cash flows from investing activities					
Capital expenditures for property and equipment	—	(3,944)	(1,136)	—	(5,080)
Proceeds from sale of business, property and equipment	—	785	4,289	—	5,074
Long-term loans and advances to affiliates	45,234	—	—	(45,234)	—
Net cash provided by (used in) investing activities	\$ 45,234	\$ (3,159)	\$ 3,153	\$ (45,234)	\$ (6)
Cash flows from financing activities					
Repayments of debt	(50,000)	(692)	(37)	—	(50,729)
Repurchases of stock	(1,946)	—	—	—	(1,946)
Long-term loans and advances to affiliates	—	(45,234)	—	45,234	—
Dividend paid to affiliates	—	—	(23,950)	23,950	—
Net cash used in financing activities	\$ (51,946)	\$ (45,926)	\$ (23,987)	\$ 69,184	\$ (52,675)
Effect of exchange rate changes on cash	—	—	(873)	—	(873)
Net increase (decrease) in cash, cash equivalents and restricted cash	484	(46,035)	(27,325)	—	(72,876)
Cash, cash equivalents and restricted cash at beginning of period	—	73,981	41,235	—	115,216
Cash, cash equivalents and restricted cash at end of period	\$ 484	\$ 27,946	\$ 13,910	\$ —	\$ 42,340

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, but are not limited to, statements about the following subjects:

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

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 28, 2019, 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 drilling, downhole, subsea, completions, and production 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 frequently replaced consumable products and highly engineered capital products that are used in the exploration, development, production and transportation of oil and natural gas. Our consumable products are used in drilling, well construction and completions activities, within the supporting infrastructure, and at processing centers and refineries. Our engineered capital products are directed at: drilling rig equipment for new rigs, upgrades and refurbishment projects; subsea construction and development projects; pressure pumping equipment; the placement of production equipment on new producing wells; and downstream capital projects. For the three months ended March 31, 2019, approximately 86% of our revenue was derived from consumable products and activity-based equipment, while the balance was primarily derived from capital products with a small amount from rental and other services.

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

In the first quarter 2019, we changed our reporting segments in order to align with business activity drivers and the manner in which management reviews and evaluates operating performance. Forum now operates in the following three reporting segments: Drilling & Downhole, Completions and Production. This move better aligns with the key phases of the well cycle and provides improved operating efficiencies. Historically, we operated in three business segments: Drilling & Subsea, Completions, and Production & Infrastructure. We have moved the Downhole product line from Completions to Drilling & Subsea to form the new Drilling & Downhole segment. Completions retains the Stimulation & Intervention and Coiled Tubing product lines. Finally, we renamed Production & Infrastructure as the Production segment. Our historical results of operations have been recast to retrospectively reflect these changes in accordance with generally accepted accounting principles.

A summary of the products and services offered by each segment is as follows:

- *Drilling & Downhole segment.* This segment designs and manufactures products and provides related services to the drilling, well construction, artificial lift and subsea energy construction and services markets as well as other markets such as alternative energy, defense and communications. The products and related services consist primarily of: (i) capital equipment and a broad line of expendable drilling products consumed in the drilling process; (ii) well construction casing and cementing equipment, protectors for artificial lift equipment and cables used in completions, and composite plugs used for zonal isolation in hydraulic fracturing; and (iii) subsea remotely operated vehicles and trenchers, specialty components and tooling, products used in subsea pipeline infrastructure, and a broad suite of complementary subsea technical services and rental items.
- *Completions segment.* This segment designs, manufactures and supplies products and provides related services to the completion, stimulation and intervention markets. The products and related services consist primarily of: (i) capital and consumable products sold to the pressure pumping, hydraulic fracturing and flowback services markets, including hydraulic fracturing pumps, pump consumables, cooling systems and flow iron as well as wireline cable, and pressure control equipment used in the well completion and intervention service markets; and (ii) coiled tubing strings and coiled line pipe and related services.
- *Production segment.* This segment designs, manufactures and supplies products and provides related equipment and services for production and infrastructure markets. The products and related services consist primarily of: (i) engineered process systems, production equipment and related field services, as well as specialty separation equipment; and (ii) a wide range of industrial valves focused on serving upstream, midstream, and downstream oil and natural gas customers as well as power and other general industries.

Market Conditions

The level of demand for our products is directly related to activity levels and the capital and operating budgets of our customers, which in turn are heavily influenced by energy prices and expectations as to future price trends. In addition, the availability of existing capital equipment adequate to serve exploration and production requirements, or lack thereof, drives demand for our capital equipment products.

The probability of any cyclical change in energy prices and the extent and duration of such a change are difficult to predict. Oil prices strengthened through much of 2018, giving rise to higher drilling and completions activity and spending by our customers, primarily in North America. The volume of rigs drilling for oil and natural gas in North America and the level of hydraulic fracturing and other well completion activities are drivers for our revenue from this region. In the fourth quarter of 2018, oil prices declined significantly as a result of slowing growth in global oil demand and a surge in U.S. oil production. This decline in prices occurred during the time when oil and natural gas operators were establishing their 2019 capital expenditure budgets, resulting in lower planned spending, and therefore, lower projected levels of drilling and completions activity in the U.S. in 2019 than previously expected. As a result, oilfield service companies are also reducing spending on new capital equipment. This decrease in spending negatively impacts the demand for our products.

Drilling and completions activity for the U.S. onshore market has recovered significantly from the low point reached in the second quarter of 2016. However, activity in regions with higher costs for the production of energy, especially offshore and in some international regions, has lagged the U.S. onshore activity recovery. Early signs of an increase in activity in these areas began to emerge in 2018, but the timing and pace of any such recovery is uncertain following the recent volatility in oil prices. Higher onshore activity levels drive increased demand for our drilling and completion consumable products, and our engineered process systems and production equipment. However, demand for the construction of new capital equipment by our customers remains restrained by the oversupply of relatively new or recently upgraded equipment, especially onshore and offshore drilling rigs. Demand for our drilling and completions capital equipment offerings remains far below the level achieved during the last newbuild cycle. Global offshore and subsea activity have recently seen a modest recovery but still remain at low levels compared to historical activity.

The revenue of our Valve Solutions product line is also influenced by energy prices, but to a lesser extent compared to our other product lines, resulting in more stable operating and financial results over time. The outlook for an increase in demand for valves from the oil and natural gas industry worldwide has been positive due to planned investments in global refinery and petrochemical projects, as well as the construction of additional pipeline capacity in North America. However, the imposition of steel tariffs on valves imported into the U.S. has clouded this picture to some extent.

The President of the United States has issued proclamations imposing tariffs on imports of selected products, including those sourced from China. In particular, the U.S. government has imposed global tariffs on certain imported steel and aluminum products pursuant to Section 232 of the Trade Expansion Act of 1962, as well as tariffs on Chinese imports pursuant to Section 301 of the Trade Act of 1974. In response, China and other countries have imposed retaliatory tariffs on a wide range of U.S. products, including those containing steel and aluminum. These tariffs have caused our cost of raw materials to increase and their ultimate impact on our business and operations is uncertain. However, in response, we are taking actions to mitigate the impact, including through the diversification of our supply chain.

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

	Three Months Ended		
	March 31,	December 31,	March 31,
	2019	2018	2018
Average global oil, \$/bbl			
West Texas Intermediate	\$ 54.82	\$ 59.97	\$ 62.91
United Kingdom Brent	\$ 63.10	\$ 68.76	\$ 66.86
Average North American Natural Gas, \$/Mcf			
Henry Hub	\$ 2.92	\$ 3.77	\$ 3.08

Average WTI and Brent oil prices in the first quarter of 2019 decreased 9% and 8% respectively, compared to the fourth quarter of 2018, and were 13% and 6% lower, respectively, compared to the first quarter of 2018. However, the price of oil began to recover during the first quarter of 2019 with the WTI and Brent spot price increasing from \$45.15 and \$50.57 per barrel, respectively, as of December 31, 2018 to \$60.19 and \$67.93 per barrel, respectively, as of March 31, 2019. Average natural gas prices in the first quarter of 2019 were 23% lower compared to the fourth quarter of 2018 and 5% lower compared to the first quarter of 2018.

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

	Three Months Ended		
	March 31,	December 31,	March 31,
	2019	2018	2018
Active Rigs by Location			
United States	1,043	1,073	966
Canada	183	179	269
International	1,030	1,011	970
Global Active Rigs	2,256	2,263	2,205
Land vs. Offshore Rigs			
Land	1,987	2,022	1,995
Offshore	269	241	210
Global Active Rigs	2,256	2,263	2,205
U.S. Commodity Target			
Oil/Gas	848	879	781
Gas	195	194	185
Total U.S. Active Rigs	1,043	1,073	966
U.S. Well Path			
Horizontal	919	932	833
Vertical	61	70	63
Directional	63	71	70
Total U.S. Active Rigs	1,043	1,073	966

As a result of lower oil and natural gas prices, the average U.S. rig count for the first quarter of 2019 was 3% lower compared to the fourth quarter of 2018, although the first quarter of 2019 average represented an 8% increase compared to the first quarter of 2018. The U.S. rig count reached a trough of 404 rigs in the second quarter of 2016. Since then, the number of working rigs has increased to 1,006 rigs as of March 31, 2019. A substantial portion of our revenue is impacted by the level of rig activity and the number of wells completed.

The table below shows the amount of total inbound orders by segment:

(in millions of dollars)	Three Months Ended		
	March 31,	December 31,	March 31,
	2019	2018	2018
Drilling & Downhole	\$ 82.0	\$ 89.0	\$ 77.1
Completions	80.3	106.2	87.1
Production	79.9	75.6	96.8
Total Orders	\$ 242.2	\$ 270.8	\$ 261.0

Results of operations

Three months ended March 31, 2019 compared with three months ended March 31, 2018

	Three Months Ended March 31,		Change	
	2019	2018	\$	%
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Downhole	\$ 85,940	\$ 76,864	\$ 9,076	11.8 %
Completions	94,659	88,054	6,605	7.5 %
Production	91,995	86,421	5,574	6.4 %
Eliminations	(752)	(1,108)	356	*
Total revenue	271,842	250,231	21,611	8.6 %
Operating income (loss):				
Drilling & Downhole	\$ (2,499)	\$ (10,310)	\$ 7,811	75.8 %
<i>Operating margin %</i>	<i>(2.9)%</i>	<i>(13.4)%</i>		
Completions	6,851	8,961	(2,110)	(23.5)%
<i>Operating margin %</i>	<i>7.2 %</i>	<i>10.2 %</i>		
Production	4,335	4,162	173	4.2 %
<i>Operating margin %</i>	<i>4.7 %</i>	<i>4.8 %</i>		
Corporate	(8,406)	(8,580)	174	2.0 %
Total segment operating income (loss)	281	(5,767)	6,048	104.9 %
<i>Operating margin %</i>	<i>0.1 %</i>	<i>(2.3)%</i>		
Transaction expenses	593	1,336	(743)	*
Contingent consideration benefit	(4,629)	—	(4,629)	*
Loss (gain) on disposal of assets and other	20	(397)	417	*
Operating income (loss)	4,297	(6,706)	11,003	164.1 %
Interest expense	8,181	8,087	94	1.2 %
Foreign exchange losses and other, net	2,277	3,551	(1,274)	*
Gain on contribution of subsea rentals business	—	(33,506)	33,506	*
Total other (income) expense, net	10,458	(21,868)	32,326	147.8 %
Income (loss) before income taxes	(6,161)	15,162	(21,323)	(140.6)%
Income tax expense (benefit)	1,727	(12,904)	14,631	113.4 %
Net income (loss)	\$ (7,888)	\$ 28,066	\$ (35,954)	(128.1)%
Weighted average shares outstanding				
Basic	109,643	108,423		
Diluted	109,643	110,857		
Earnings (loss) per share				
Basic	\$ (0.07)	\$ 0.26		
Diluted	\$ (0.07)	\$ 0.25		
<i>* not meaningful</i>				

We acquired two businesses in 2018. Therefore, our results of operations for the first quarter of 2019 may not be comparable to the results of operations for the first quarter of 2018. Refer to Note 4 *Acquisitions & Dispositions* for additional information.

Revenue

Our revenue for the three months ended March 31, 2019 increased \$21.6 million, or 8.6%, to \$271.8 million compared to the three months ended March 31, 2018. For the three months ended March 31, 2019, our Drilling & Downhole, Completions, and Production segments comprised 31.6%, 34.6%, and 33.8% of our total revenue, respectively, which compared to 30.7%, 34.8%, and 34.5% of total revenue, respectively, for the three months ended March 31, 2018. The changes in revenue by operating segment consisted of the following:

Drilling & Downhole segment — Revenue increased \$9.1 million, or 11.8%, to \$85.9 million in the three months ended March 31, 2019 compared to the three months ended March 31, 2018. This change includes a \$5.9 million increase in revenue for our Downhole product line due to continued growth in sales volumes for our artificial lift products, including the revenue contribution from ESPCT, which was acquired in the third quarter of 2018, as well as a \$4.0 million increase in revenue for our Subsea product line primarily due to higher sales of ROVs and other subsea capital equipment in the three months ended March 31, 2019. These increases were partially offset by a \$0.8 million decrease in revenues for our Drilling product line primarily due to lower sales volumes for our consumable products.

Completions segment — Revenue increased \$6.6 million, or 7.5%, to \$94.7 million during the three months ended March 31, 2019 compared to the three months ended March 31, 2018. This increase was primarily due to a \$6.4 million increase in revenue for our Coiled Tubing product line due to higher sales into international markets as well as the revenue contribution from the acquisition of GHT in the fourth quarter of 2018. These increases were partially offset by lower sales volumes of pressure pumping products attributable to lower spending by pressure pumping service companies.

Production segment — Revenue increased \$5.6 million, or 6.4%, to \$92.0 million during the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The increase was primarily driven by a \$5.1 million increase in sales for our Production Equipment product line as a result of higher sales volumes of surface production equipment to oil and natural gas operators. The remaining increase is due to higher sales volumes of valve products, particularly sales into the U.S. oil and gas market.

Segment operating income (loss) and segment operating margin percentage

Segment operating income (loss) for the three months ended March 31, 2019 improved \$6.0 million from a loss of \$5.8 million for the three months ended March 31, 2018 to income of \$0.3 million for the three months ended March 31, 2019. For the three months ended March 31, 2019, the segment operating margin percentage of 0.1% represents an improvement from the (2.3)% operating margin percentage for three months ended March 31, 2018. The segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. The change in operating margin for each segment is explained as follows:

Drilling & Downhole segment — The operating margin percentage for this segment was (2.9)% for the three months ended March 31, 2019 compared to (13.4)% for the three months ended March 31, 2018. The improvement in operating margins is attributable to increased operating leverage and a more favorable sales mix on the higher sales volumes described above. In addition, segment operating margins increased due to lower selling, general and administration expenses as a result of a \$2.2 million reduction in amortization expense following intangible asset impairments recognized in the fourth quarter of 2018 and lower employee related costs as a result of cost reduction actions.

Completions segment — The operating margin percentage for this segment was 7.2% for the three months ended March 31, 2019 compared to 10.2% for the three months ended March 31, 2018. Despite the net increase in revenues described above, operating margins declined due to lower sales volumes of our well stimulation products as well as incremental cost from steel tariffs in our Coiled Tubing product line and incremental selling, general and administrative expenses following the fourth quarter 2018 acquisition of GHT.

Production segment — The operating margin percentage for this segment was 4.7% for the three months ended March 31, 2019 which was consistent with the comparable three months ended March 31, 2018. Segment operating margins have been negatively impacted by incremental cost from steel tariffs in our Valves product line, offset by a reduction in employee related costs as a result of cost reduction actions.

Corporate — Selling, general and administrative expenses for Corporate decreased by \$0.2 million, or 2.0%, to \$8.4 million for the three months ended March 31, 2019 compared to \$8.6 million for the three months ended March 31, 2018. This decrease was primarily attributable to lower employee related costs as a result of cost reduction actions partially offset by an increase in employee severance costs. Corporate costs include, among other items, payroll related

costs for management, administration, finance, legal, and human resources personnel; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income (loss)

Several items are not included in segment operating income (loss), but are included in total operating income (loss). These items include transaction expenses, contingent consideration benefit and losses (gains) on the disposal 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 (loss). These costs were \$0.6 million for the three months ended March 31, 2019 and \$1.3 million for the three months ended March 31, 2018. The contingent consideration benefit relates to a gain of \$4.6 million recognized in the first quarter of 2019 due to reducing the estimated fair value of the contingent cash liability associated with the acquisition of GHT. Refer to Note 4 *Acquisitions & Dispositions* for additional information.

Other income and expense

Other income and expense includes interest expense, foreign exchange and other losses and a gain recognized on the contribution of our subsea rentals business. We incurred \$8.2 million of interest expense during the three months ended March 31, 2019, an increase of \$0.1 million from the three months ended March 31, 2018.

The foreign exchange losses (gains) are primarily the result of movements in the British pound and the Euro relative to the U.S. dollar. These movements in exchange rates create foreign exchange gains or losses when applied to monetary assets or liabilities denominated in currencies other than the location's functional currency, primarily U.S. dollar denominated cash, trade account receivables and net intercompany receivable balances for our entities using a functional currency other than the U.S. dollar.

In the first quarter of 2018, we recognized a gain of \$33.5 million as a result of the deconsolidation of our Forum Subsea Rentals business. Refer to Note 4 *Acquisitions & Dispositions* for additional information.

Taxes

We recorded tax expense of \$1.7 million for the three months ended March 31, 2019 compared to a tax benefit of \$12.9 million for the three months ended March 31, 2018. The estimated annual effective tax rate for the three months ended March 31, 2019 is different than the comparable period in 2018 primarily due to losses in jurisdictions where the recording of a tax benefit is not available, as well as a tax benefit that was recorded in the first quarter of 2018 related to an adjustment of the provisional tax impact of U.S. tax reform. See Note 9 Income Taxes for additional information on the impact of U.S. tax reform. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of U.S. and non-U.S. earnings and losses by jurisdiction.

Liquidity and capital resources

Sources and uses of liquidity

Our internal sources of liquidity are cash on hand and cash flows from operations, while our primary external sources include trade credit and our Credit Facility and Senior Notes described below. Our primary uses of capital have been for acquisitions, ongoing maintenance and growth capital expenditures, inventories and sales on credit to our customers. We continually monitor potential capital sources, including equity and debt financing, to meet our investment and target liquidity requirements. Our future success and growth will be highly dependent on our ability to continue to access outside sources of capital.

At March 31, 2019, we had cash and cash equivalents of \$29.7 million, availability under our Credit Facility of \$194.4 million and total debt of \$488.0 million. Our 2019 capital expenditures consist of, among other items, investments in certain manufacturing facilities, replacing end of life machinery and equipment, and continuing the implementation of our enterprise resource planning solution globally. This budget does not include expenditures for potential business acquisitions. We believe that cash on hand, cash generated from operations and availability under our Credit Facility will be sufficient to fund operations, working capital needs, and capital expenditure requirements for the foreseeable future.

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 two businesses in 2018. We did not have any acquisitions in the first quarter of 2019. For additional information, see Note 4 *Acquisitions & Dispositions*. We continue to actively review acquisition opportunities on an ongoing basis, and we may fund future acquisitions with cash and/or equity. Our ability to make significant additional acquisitions for cash may require us to pursue additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Our cash flows for the three months ended March 31, 2019 and 2018 are presented below (in millions):

	Three Months Ended March 31,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 17.9	\$ (19.3)
Net cash used in investing activities	(3.6)	—
Net cash used in financing activities	(32.0)	(52.7)
Effect of exchange rate changes on cash	0.2	(0.9)
Net decrease in cash, cash equivalents and restricted cash	\$ (17.5)	\$ (72.9)

Net cash provided by (used in) operating activities

Net cash provided by operating activities was \$17.9 million for the three months ended March 31, 2019 compared to \$19.3 million of cash used in operating activities for the three months ended March 31, 2018. This improvement is primarily attributable to changes in working capital which provided cash of \$5.1 million for the three months ended March 31, 2019 compared to a \$39.1 million use of cash for the same period in 2018.

Net cash used in investing activities

Net cash used in investing activities was \$3.6 million for the three months ended March 31, 2019 compared to approximately zero for the same period in 2018. Net cash used in investing activities for the three months ended March 31, 2019 includes \$3.7 million of capital expenditures for property and equipment. In comparison, net cash used in investing activities for the three months ended March 31, 2018 included \$5.1 million of capital expenditures for property and equipment offset by \$5.1 million of proceeds from the sale of business, property and equipment.

Net cash used in financing activities

Net cash used in financing activities was \$32.0 million and \$52.7 million for the three months ended March 31, 2019 and 2018, respectively. Net cash used in financing activities includes approximately \$31.1 million of net repayments of debt for the three months ended March 31, 2019 compared to \$50.7 million for the same period in 2018.

Senior Notes Due 2021

Our Senior Notes have \$400.0 million principal amount outstanding which bear interest at a rate of 6.25% per annum, payable on April 1 and October 1 of each year, and mature on October 1, 2021. The Senior Notes are senior unsecured obligations guaranteed on a senior unsecured basis by our subsidiaries that guarantee the Credit Facility and rank junior to, among other indebtedness, the Credit Facility to the extent of the value of the collateral securing the Credit Facility.

Credit Facility

On October 30, 2017, we amended and restated our Credit Facility to, among other things, increase revolving credit commitments from \$140.0 million to \$300.0 million, including up to \$30.0 million available to certain Canadian subsidiaries of the Company for loans in United States or Canadian dollars, \$25.0 million available for letters of credit issued for the account of the Company and certain of its domestic subsidiaries and \$3.0 million available for letters of credit issued for the account of Canadian subsidiaries of the Company. Availability under the Credit Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the United States, Canada and certain other jurisdictions (subject to a cap) and eligible inventory in the United States and Canada. Our borrowing capacity under the Credit Facility could be reduced or eliminated, depending on future fluctuations in our receivables and inventory. The Credit Facility matures in July 2021, but if our outstanding Notes due October 2021 are refinanced or replaced with indebtedness maturing in or after February 2023, the final maturity of the Credit Facility will automatically extend to October 2022.

If excess availability under the Credit Facility falls below the greater of 10.0% of the borrowing base and \$20.0 million, we will be required to maintain a fixed charge coverage ratio of at least 1.00:1.00 as of the end of each fiscal quarter until excess availability under the Credit Facility exceeds such thresholds for at least 60 consecutive days.

Off-balance sheet arrangements

As of March 31, 2019, we had no off-balance sheet instruments or financial arrangements, other than letters of credit entered into in the ordinary course of business. Operating leases are excluded from our balance sheet as of December 31, 2018, but included in the balance sheet as of March 31, 2019 following the January 1, 2019 adoption of ASC 842. For additional information, refer to Note 2 *Recent Accounting Pronouncements* and Note 8 *Leases*.

Contractual obligations

Except for net repayments under the Credit Facility, as of March 31, 2019, there have been no material changes in our contractual obligations and commitments disclosed in our 2018 Annual Report on Form 10-K.

Critical accounting policies and estimates

There have been no material changes in our critical accounting policies and procedures during the three months ended March 31, 2019. For a detailed discussion of our critical accounting policies and estimates, refer to our 2018 Annual Report on Form 10-K. For recent accounting pronouncements, refer to Note 2 *Recent Accounting Pronouncements*.

Item 3. Quantitative and qualitative disclosures about market risk

We are currently exposed to market risk from changes in foreign currency exchange rates 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, 2018. 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 2018 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 which have been designed 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. Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of March 31, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019.

Changes in Internal Control over Financial Reporting

Beginning January 1, 2019, we implemented ASU No. 2016-02, Leases. As such, we implemented changes to our processes and control activities related to accounting for leases. These changes include new policies related to lease accounting, the implementation of a cloud based lease management tool, reviews of lease contracts and gathering of information required for disclosures. Refer to Note 2 *Recent Accounting Pronouncements* and Note 8 *Leases* for further information.

Other than the changes associated with the implementation of the new lease accounting standard noted above, there were no other changes in our internal control over financial reporting during the quarter ended March 31, 2019 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

Information related to Item 1. Legal Proceedings is included in Note 12 *Commitments and Contingencies*, which is incorporated herein by reference.

Item 1A. Risk Factors

For additional information about our risk factors, see "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

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

Following is a summary of our repurchases of our common stock during the three months ended March 31, 2019.

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 (b)	Maximum value of shares that may yet be purchased under the plan or program (in thousands) (b)
January 1, 2019 - January 31, 2019	2,136	\$ 4.13	—	\$ 49,752
February 1, 2019 - February 28, 2019	5,975	\$ 6.56	—	\$ 49,752
March 1, 2019 - March 31, 2019	—	\$ —	—	\$ 49,752
Total	8,111	\$ 5.92	—	

(a) All of the 8,111 shares purchased during the three months ended March 31, 2019 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants. These shares were not part of a publicly announced program to purchase common stock.

(b) In October 2014, our board of directors approved a program for the repurchase of outstanding shares of our common stock with an aggregate purchase amount of up to \$150 million. From the inception of this program through March 31, 2019, we have repurchased approximately 4.5 million shares of our common stock for aggregate consideration of approximately \$100.2 million. Remaining authorization under this program is \$49.8 million.

Acquisition of Innovative Valve Components

On January 9, 2017, we acquired all of the issued and outstanding partnership interests of Innovative Valve Components (“IVC”). As partial consideration for the acquisition we issued 196,249 shares of our common stock. Pursuant to the terms of the contingent stock agreements entered into with affiliates of IVC in connection with the acquisition, we issued 8,400 shares of our common stock on January 9, 2018 and 82,962 shares of our common stock on January 9, 2019 in connection with the first and second anniversaries of the closing, respectively. The issuances of our common stock pursuant to the contingent stock agreements were exempt from registration under the Securities Act pursuant to Rule 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder.

Contingent shares issuance

On July 3, 2017, the Company acquired Multilift Welltec, LLC and Multilift Wellbore Technology Limited. In connection with the transactions, the Company entered into a contingent stock agreement with an employee of the acquired entities. Pursuant to the contingent stock agreement, we issued 30,582 shares of our common stock on February 1, 2019. The issuance of our common stock was exempt from registration under the Securities Act pursuant to Rule 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits**Exhibit****Number****DESCRIPTION**

10.1**	Form of Restricted Stock Agreement (Directors)
10.2**	Form of Restricted Stock Unit Agreement (Directors)
10.3**	Form of Restricted Stock Unit Agreement (Employees and Consultants - Group 1)
10.4**	Form of Restricted Stock Unit Agreement (Employees and Consultants - Group 2)
10.5**	Form of Performance Share Award Agreement (Employees and Consultants)
10.6**	Form of Cash Award (Employees and Consultants)
10.7**	Severance Agreement dated as of February, 15, 2019 between Forum Energy Technologies, Inc. and John C. Ivascu.
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.SCH**	— XBRL Taxonomy Extension Schema Document.
101.CAL**	— XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB**	— XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	— XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF**	— XBRL Taxonomy Extension Definition Linkbase Document.

*Previously filed.

**Filed herewith.

***Furnished herewith.

SIGNATURES

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

FORUM ENERGY TECHNOLOGIES, INC.

Date: May 1, 2019

By: /s/ Pablo G. Mercado

Pablo G. Mercado

Senior Vice President, Chief Financial Officer and Treasurer

(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.
2016 STOCK AND INCENTIVE PLAN**

2019 NON-OFFICER DIRECTOR RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this "Agreement") is made as of the ____ day of _____, 2019 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _____ (the "Director").

1. **Award.** Pursuant to the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan (the "Plan"), as of the Date of Grant, [**number of shares**] shares (the "Restricted Shares") of the Company's common stock, par value \$.01 per share, shall be issued as hereinafter provided in the Director's name subject to certain restrictions thereon. The Director acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof.

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

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

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

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

(b) **Lapse of Forfeiture Restrictions.** Provided that the Director served continuously on the Board from the Date of Grant through February 15, 2020, the Forfeiture Restrictions shall lapse. Notwithstanding the foregoing, if a Change in Control occurs and the Director has served continuously on the Board from the Date of Grant to the date upon which such Change in Control occurs, then the Forfeiture Restrictions shall lapse with respect to the Restricted Shares on the date upon which such Change in Control occurs.

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

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

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

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

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

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

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

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

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

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

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

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
President and CEO

DIRECTOR

**FORUM ENERGY TECHNOLOGIES, INC.
2016 STOCK AND INCENTIVE PLAN**

2019 NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement") is made as of the ___ day of _____, 2019 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _____ (the "Director").

1. **Award**. Pursuant to the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan (the "Plan"), the Director is hereby awarded [**number of units**] units (the "RSUs") evidencing the right to receive an equivalent number of shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), subject to certain restrictions thereon. The Director acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment**.

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

(b) **Lapse of Forfeiture Restrictions.** Provided that the Director has served continuously on the Board from the Date of Grant through February 15, 2020, the Forfeiture Restrictions shall lapse. Notwithstanding the foregoing, if a Change in Control occurs and the Director has served continuously on the Board from the Date of Grant to the date upon which such Change in Control occurs, then the Forfeiture Restrictions shall lapse with respect to the RSUs on the date upon which such Change in Control occurs.

3. **Settlement and Delivery of Stock.** Settlement of RSUs shall be made no later than 15 days after the lapse of Forfeiture Restrictions, or, if the RSUs have been deferred, in accordance with the terms of the 2018 Award Election and Restricted Stock Unit Deferral and Distribution Election Form (distributed separately from this Agreement). Settlement will be made by issuance of shares of Common Stock. Notwithstanding the foregoing, the Company shall not be obligated to issue any shares of Common Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

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

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

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

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

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

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

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
President and CEO

DIRECTOR

**FORUM ENERGY TECHNOLOGIES, INC.
2016 STOCK AND INCENTIVE PLAN**

2019 EMPLOYEE RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement") is made as of the ___ day of _____, 2019 (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. 2016 Stock and Incentive Plan (the "Plan"), the Employee is hereby awarded **[number of units]** units (the "RSUs") evidencing the right to receive an equivalent number of shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), subject to certain restrictions thereon. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment.**

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

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

<u>Vesting Date</u>	Additional Percentage of Total Number of RSUs <u>Vesting on Vesting Date</u>
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remainder

Except as otherwise provided in Section 3, any RSUs with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

3. **Termination of Employment.**

(a) **Death or Disability.** If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(b) above, each third of the RSUs described in Section 2(b) 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 third 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 third of the RSUs would have vested pursuant to Section 2(b). 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(b) above, the Committee may, in its sole and absolute discretion, determine that each third of the RSUs described in Section 2(b) 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 third 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 third of the RSUs would have vested pursuant to Section 2(b). 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 in its sole and absolute discretion to constitute Retirement.

(c) **Good Reason.** In lieu of the definition of "Good Reason" set forth in the Plan, "Good Reason" for purposes of this Agreement shall mean the occurrence of any of the following events without the Employee's express written consent:

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

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

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

Any event or condition described in this Section 3(c) which occurs prior to the effective date of any Change in Control, but which the Employee reasonably demonstrates (x) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (y) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to such effective date. The Employee's continued employment or failure to give the Company any notice of termination for Good Reason shall not constitute consent

to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. For purposes of this Section 3(c), any good faith determination of Good Reason made by the Employee shall be conclusive.

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

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

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

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

the issuance of shares of Common Stock pursuant thereto, or the forfeiture of any RSUs pursuant to the Forfeiture Restrictions.

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

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

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

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

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

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

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2016 STOCK AND INCENTIVE PLAN**

2019 EMPLOYEE RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement") is made as of the ___ day of _____, 2019 (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. 2016 Stock and Incentive Plan (the "Plan"), the Employee is hereby awarded **[number of units]** units (the "RSUs") evidencing the right to receive an equivalent number of shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), subject to certain restrictions thereon. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of RSUs shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment.**

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

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

<u>Vesting Date</u>	Additional Percentage of Total Number of RSUs <u>Vesting on Vesting Date</u>
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remainder

Except as otherwise provided in Section 3, any RSUs with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

3. Termination of Employment

(a) **Death or Disability.** If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(b) above, each third of the RSUs described in Section 2(b) 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 third 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 third of the RSUs would have vested pursuant to Section 2(b). 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(b) above, the Committee may, in its sole and absolute discretion, determine that each third of the RSUs described in Section 2(b) 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 third 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 third of the RSUs would have vested pursuant to Section 2(b). 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 in its sole and absolute discretion 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. Payments under this Agreement in a series of installments shall be treated as a right to receive a series of separate payments for purposes of Section 409A. If the Employee is identified by the Company as a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Employee has a "separation from service" (other than due to death) within the meaning of Section 1.409A-1(h) of the Treasury Regulations, notwithstanding the provisions of Sections 2 or 3 hereof, any transfer of shares payable on account of a separation from service that are deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee's separation from service or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a "separation from service" with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

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

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

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

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

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
C. Christopher Gaut
President and CEO

EMPLOYEE

**FORUM ENERGY TECHNOLOGIES, INC.
2016 STOCK AND INCENTIVE PLAN**

2019 EMPLOYEE PERFORMANCE SHARE AGREEMENT

This Performance Award Agreement (this "Agreement") is made as of the ___ day of _____, 2019 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _____ (the "Employee").

1. **Award.** The Employee is hereby awarded [**number of performance shares**] performance shares (each a "Performance Share") pursuant to the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan (the "Plan") which shall be allocated as the "Target Amount". The Performance Shares represent the opportunity to receive a number of shares of Common Stock based on the "Payout Multiplier" as defined in Exhibit A. The number of Performance Shares that are converted into "Earned Performance Shares" will be between 0% and 200% of the Target Amount. Each Performance Share that does not become an Earned Performance Share shall be forfeited.

The exact number of Performance Shares that shall be converted into Earned Performance Shares and issued to the Employee shall be based upon the achievement by the Company of the performance standards as set forth in Exhibit A hereto over a three-year period beginning on January 1, 2019 (the "Performance Beginning Date") and ending on December 31, 2021 (the "Performance End Date") (the period from the Performance Beginning Date to the Performance End Date is referred to as the "Performance Period"). The determination by the Committee with respect to the achievement of such performance standards shall be made as soon as administratively practicable following the Performance End Date after all necessary Company and peer information is available. The specific date on which such determination is formally made and approved by the Committee is referred to as the "Determination Date." After the Determination Date, the Company shall notify the Employee of the number of Earned Performance Shares, if any, and the corresponding number of shares of Common Stock to be issued to the Employee in satisfaction of the award. The shares of Common Stock shall be issued to the Employee on March 15, 2022 (the "Settlement Date").

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

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

2. **Vesting/Forfeiture.** Except as otherwise provided in Section 3 below, the Performance Shares shall vest on the Determination Date, provided the Employee is continuously employed by the Company or any of its Affiliates (collectively, the "Company Group") through the

Determination Date. Except as otherwise provided in Section 3, the Performance Shares shall be automatically forfeited on the date of the Employee's termination of employment.

3. **Termination of Employment**

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

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

(c) **Good Reason**. In lieu of the definition of "Good Reason" set forth in Article I of the Plan, "**Good Reason**" for purposes of this Agreement shall mean the occurrence of any of the following events without the Employee's express written consent:

- (i) a change in the Employee's status, title or position with the Company Group, including as an officer of the Company, which, in the Employee's good faith judgment, does not represent a promotion, with commensurate adjustment of

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

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

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

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

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

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

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

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

8. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of any member of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company at the time of the termination of the “Affiliate” status of the entity or other organization that employs the Employee.

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

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

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

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

11. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to Performance Shares commencing on the Performance Beginning Date. Any modification of this Agreement shall be

effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

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

FORUM ENERGY TECHNOLOGIES, INC.

By: _____
Name:
Title:

EMPLOYEE

13.

Exhibit A

Methodology for Calculating Earned Performance Shares

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

(a) *Ending Share Price* means the average closing price of the shares over the twenty trading days prior to the Performance End Date.

(b) *Peer Group* means TechnipFMC plc; National Oilwell Varco, Inc.; Superior Energy Services, Inc.; Oceaneering International, Inc.; Exterran Corporation; Oil States International, Inc.; Hunting plc; Dril-Quip, Inc.; Cactus, Inc. and Apergy Corporation to the extent such entities or their successors are in existence and publicly traded as of the Performance End Date.

(a) *Starting Share Price* means the average closing price of the shares over the twenty trading days prior to the Performance Beginning Date.

(b) *Total Shareholder Return* means common stock price growth for each entity over the Performance Period, as measured by dividing the sum of the cumulative amount of dividends for the Performance Period, assuming dividend reinvestment, and the difference between the entity's Ending Share Price and the Starting Share Price; by the entity's Starting Share Price. In the event of a spin-off or similar divestiture during the Performance Period by an entity that is a member of the Peer Group, the Committee may make such adjustments to the calculation of such entity's Total Shareholder Return as it determines may be appropriate, including, without limitation, taking into account the common stock price growth for both the entity that is the member of the Peer Group and the divested entity over the Performance Period.

For purposes of this Exhibit A, the share prices and dividends of peers that trade in foreign currency shall be converted to U.S. dollars.

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

(a) Calculate the Total Shareholder Return for the Company and each company in the Peer Group for the Performance Period.

(b) Rank the Company and each member of the Peer Group based on Total Shareholder Return with the company having the highest Total Shareholder Return ranking in the first position and the company with the lowest Total Shareholder Return ranking in the tenth position.

(c) Determine the number of Earned Performance Shares by multiplying the Employee's Target Amount by the Payout Multiplier in the Ten Company Payout Schedule below:

Eleven Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.80
3	1.60
4	1.40
5	1.20
6	1.00
7	0.80
8	0.60
9	0.40
10	0.20
11	0.00

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

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

3. **Peer Group Changes.** If, as a result of merger, acquisition or a similar corporate transaction, a member of the Peer Group ceases to be a member of the Peer Group (an "Affected Peer Company"), the Affected Peer Company shall not be included in the Ten Company Payout Schedule and the applicable of the

following alternative schedules shall be used in its place:

Ten Company Payout Schedule	
Company Ranking	Payout Multiplier
1	2.00
2	1.75
3	1.50
4	1.25
5	1.00
6	1.00
7	0.75
8	0.50
9	0.25
10	0.00

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

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

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

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

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

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

FORUM ENERGY TECHNOLOGIES, INC.

2019 CASH AWARD AGREEMENT

This Cash Award Agreement (this “Agreement”) is made as of the ___ day of _____, 2019 (the “Date of Grant”), between Forum Energy Technologies, Inc., a Delaware corporation (the “Company”), and _____ (the “Employee”).

1. **Award.** The Employee is hereby awarded \$[**amount**] (the “Cash Award”), subject to certain restrictions thereon as specified in this Agreement.

2. **Forfeiture Restrictions and Assignment.**

(a) **Restrictions.** The Cash Award 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 portions of the Cash Award. The obligation to forfeit unvested portions of the Cash Award upon termination of employment as provided in the preceding sentence is herein referred to as the “Forfeiture Restrictions.”

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

<u>Vesting Date</u>	Additional Percentage of Total Cash Award <u>Vesting on Vesting Date</u>
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remainder

Except as otherwise provided in Section 3, any portion of the Cash Award with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be forfeited to the Company for no consideration as of the date of the termination of the Employee’s employment with the Company.

3. **Termination of Employment.**

(a) **Death or Disability.** If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(b) above, each third of the Cash Award described in Section 2(b) that is 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 third of the Cash Award, 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 third of the Cash Award would have vested pursuant to Section 2(b). Any remaining unvested portion of the Cash Award shall be forfeited. To the extent vested pursuant to this Section 3(a), the Cash Award will be paid 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(b) above, the Chief Executive Officer or his delegate (the "Committee") may, in its sole and absolute discretion, determine that each third of the Cash Award described in Section 2(b) that is 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 third of the Cash Award, 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 third of the Cash Award would have vested pursuant to Section 2(b). To the extent vested pursuant to this Section 3(b), the Cash Award will be paid 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 in its sole and absolute discretion to constitute Retirement.

4. **Payment of Cash Award.** Except as otherwise provided in Section 2(b) or 3, payment of the Cash Award shall be made no later than 15 days after the lapse of Forfeiture Restrictions.

5. **Withholding of Tax.** To the extent that payment of the Cash Award results in compensation income or wages to the Employee for federal, state, local or foreign tax purposes, the Company shall withhold an appropriate amount of the Cash Award equal to the amount necessary to satisfy the minimum federal, state, local and foreign tax withholding obligations. The payment of the Cash Award described in Section 4 will be net of such cash that is withheld to satisfy applicable taxes pursuant to this Section 5. 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 Cash Award, the lapse of any Forfeiture Restrictions or payment to the Employee pursuant thereto, or the forfeiture of any portion of the Cash Award pursuant to the Forfeiture Restrictions.

6. **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 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.

7. **Section 409A.** The Cash Award 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. Payments under this Agreement in a series of installments shall be treated as a right to receive a series of separate payments for purposes of Section 409A. 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 payment on account of a separation from service that is deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee’s separation from service or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a “separation from service” with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

8. **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.

9. **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.

10. **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
President and CEO

EMPLOYEE

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT ("*Agreement*") is made on this 15th day of February, 2019 (the "*Effective Date*"), by and between Forum Energy Technologies, Inc., a Delaware corporation (the "*Company*"), and John C. Ivascu ("*Executive*").

WITNESSETH:

WHEREAS, Executive is an employee of the Company, and the Company desires to provide additional inducement for Executive to remain in the ongoing employ of the Company.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the Company and Executive agree as follows:

Article I
DEFINITIONS

In addition to the terms defined in the body of this Agreement, for purposes of this Agreement, the following capitalized words shall have the meanings indicated below:

- 1.1 "*Acquiring Person*" shall mean any individual, entity or group (within the meaning of section 13(d)(3) or 14(d)(2) of the Exchange Act).
- 1.2 "*Annual Bonus*" shall mean Executive's annual incentive bonus opportunity under the Company's Management Incentive Plan or a successor plan.
- 1.3 "*Base Salary*" shall mean Executive's annual base salary.
- 1.4 "*Board*" shall mean the Board of Directors of the Company.

1.5 "*Cause*" shall mean a determination by the Company that Executive (%3) has engaged in gross negligence or willful misconduct in the performance of Executive's duties with respect to the Company or any of its affiliates, (%3) has materially breached any material provision of this Agreement or any written agreement or corporate policy or code of conduct established by the Company or any of its affiliates, (%3) has willfully engaged in conduct that is materially injurious to the Company or any of its affiliates, or (%3) has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

- 1.6 "*Change in Control*" shall mean:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either (1) the then outstanding shares of common stock of the Company (the "*Outstanding Company Common Stock*") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "*Outstanding Company Voting Securities*"); provided, however, that for purposes of this

subsection (a) any acquisition by any Acquiring Person pursuant to a transaction which complies with clause (c)(1) of this definition shall not constitute a Change in Control; or

(b) Individuals, who, immediately following the Effective Date, constitute the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered for purposes of this definition as though such individual was a member of the Incumbent Board, but excluding, for these purposes, any such individual whose initial assumption of office as a director occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an Acquiring Person other than the Board; or

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

1.7 “*Code*” shall mean the Internal Revenue Code of 1986, as amended.

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

1.9 “*Date of Termination*” shall mean the date Executive’s employment with the Company is considered to have terminated pursuant to Section 2.4.

1.10 “*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended.

1.11 “*Good Reason*” shall mean the occurrence of any of the following events:

- (a) a material diminution in Executive’s Base Salary, other than as part of a decrease of up to 10% for all of the Company’s executive officers; or
- (b) if Executive is not the Chief Executive Officer of the Company at the time of the event, a material diminution in Executive’s authority, duties, or responsibilities, excluding a change in management structure primarily affecting reporting responsibility where Executive continues to report to the same position that such individual reported to prior to the event or the change or reports directly to the Company’s Chief Executive Officer; or
- (c) if Executive is the Chief Executive Officer of the Company at the time of the event, Executive ceases to be employed in the position of Chief Executive Officer of the Company; or
- (d) the involuntary relocation of the geographic location of Executive’s principal place of employment by more than 75 miles from the location of Executive’s principal place of employment as of the Effective Date.

Notwithstanding the foregoing provisions of this Section 1.11 or any other provision in this Agreement to the contrary, any assertion by Executive of a termination of employment for “*Good Reason*” shall not be effective unless all of the following requirements are satisfied: (%4) the condition described in Section 1.11(a), (b), (c) or (d) giving rise to Executive’s termination of employment must have arisen without Executive’s consent; (%3) Executive must provide written notice to the Company of such condition in accordance with Section 9.1 within 45 days of the initial existence of the condition; (%3) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (%3) the date of Executive’s termination of employment must occur within 90 days after the initial existence of the condition specified in such notice.

1.12 “*Notice of Termination*” shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive’s employment and the intended Date of Termination and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated.

1.13 “*Section 409A Payment Date*” shall mean the earlier of (a) the date of Executive’s death or (b) the date that is six months after the date of termination of Executive’s employment with the Company.

1.14 “*Severance Multiple*” shall mean two; provided, however, that the Severance Multiple shall mean three if Executive’s employment hereunder shall terminate on or within two years after the occurrence of a Change in Control.

1.15 “*Target Bonus Percentage*” shall mean Executive’s highest target Annual Bonus opportunity (expressed as a percentage of Executive’s Base Salary) for the year in which the Date of Termination occurs or for the two calendar years immediately preceding such year.

ARTICLE II
TERMINATION OF EMPLOYMENT

2.1 Company’s Right to Terminate. The Company may terminate Executive’s employment with the Company at any time for any of the following reasons by providing Executive with a Notice of Termination:

(a) upon Executive being unable to perform Executive’s employment duties or fulfill Executive’s employment obligations by reason of any physical or mental impairment for a continuous period of not less than three months as determined by the Company and certified in writing by a competent medical physician selected by the Company; or

(b) Executive’s death; or

(c) for Cause; or

(d) for any other reason whatsoever or for no reason at all, in the sole discretion of the Company.

2.2 Executive’s Right to Terminate. Executive shall have the right to terminate Executive’s employment with the Company for Good Reason or for any other reason whatsoever or for no reason at all, in the sole discretion of Executive, by providing the Company with a Notice of Termination. In the case of a termination of employment by Executive pursuant to this Section 2.2, the Date of Termination specified in the Notice of Termination shall not be less than 15 nor more than 60 days from the date such Notice of Termination is given, and the Company may require a Date of Termination earlier than that specified in the Notice of Termination (and, if such earlier Date of Termination is so required, it shall not change the basis for Executive’s termination nor be construed or interpreted as a termination of employment pursuant to Section 2.1).

2.3 Deemed Resignations. Unless otherwise agreed to in writing by the Company and Executive prior to the termination of Executive’s employment, any termination of Executive’s employment shall constitute (a) an automatic resignation of Executive as an officer of the Company and each affiliate of the Company and (b) an automatic resignation of Executive from the Board (if applicable), from the board of directors of any affiliate of the Company and from the

board of directors or similar governing body of any corporation, limited liability entity or other entity in which the Company or any affiliate holds an equity interest and with respect to which board or similar governing body Executive serves as the Company's or such affiliate's designee or other representative.

2.4 Meaning of Termination of Employment. For all purposes of this Agreement, Executive shall be considered to have terminated employment with the Company when Executive incurs a "separation from service" with the Company within the meaning of section 409A(a)(2)(A)(i) of the Code and applicable administrative guidance issued thereunder; provided, however, that whether such a separation from service has occurred shall be determined based upon a reasonably anticipated permanent reduction in the level of bona fide services to be performed to no more than 49% of the average level of bona fide services provided in the immediately preceding 36 months.

ARTICLE III PROTECTION OF INFORMATION

3.1 Disclosure to and Property of the Company. For purposes of this Article III, the term "the Company" shall include the Company and any of its affiliates, and any reference to "employment" or similar terms shall include a director and/or consulting relationship. All information, trade secrets, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed, disclosed to or acquired by Executive, individually or in conjunction with others, during the period of Executive's employment by the Company (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to the Company's or any of its affiliates' businesses, trade secrets, products or services (including, without limitation, all such information relating to corporate opportunities, strategies, business plans, product specifications, compositions, manufacturing and distribution methods and processes, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or production, marketing and merchandising techniques, prospective names and marks) and all writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "**Confidential Information**") shall be disclosed to the Company and are and shall be the sole and exclusive property of the Company or its affiliates, as applicable. Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "**Work Product**") are and shall be the sole and exclusive property of the Company (or its affiliates). Executive agrees to perform all actions reasonably requested by the Company or its affiliates to establish and confirm such exclusive ownership. Upon termination of Executive's employment with the Company, for any reason, Executive promptly shall deliver such Confidential Information and Work Product, and all copies thereof, to the Company.

3.2 Disclosure to Executive. The Company shall disclose to Executive and place Executive in a position to have access to or develop Confidential Information and Work Product of the Company (or its affiliates); and shall entrust Executive with business opportunities of the Company (or its affiliates); and shall place Executive in a position to develop business good will on behalf of the Company (or its affiliates).

3.3 No Unauthorized Use or Disclosure. Executive agrees to preserve and protect the confidentiality of all Confidential Information and Work Product of the Company and its affiliates. Executive agrees that Executive will not, at any time during or after Executive's employment with the Company, make any unauthorized disclosure of, and Executive shall not remove from the Company premises, Confidential Information or Work Product of the Company or its affiliates, or make any use thereof, except, in each case, in the carrying out of Executive's responsibilities hereunder. Executive shall use all reasonable efforts to cause all persons or entities to whom any Confidential Information shall be disclosed by Executive hereunder to preserve and protect the confidentiality of such Confidential Information. Executive shall have no obligation hereunder to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by law. At the request of the Company at any time, Executive agrees to deliver to the Company all Confidential Information that Executive may possess or control. Executive agrees that all Confidential Information of the Company (whether now or hereafter existing) conceived, discovered or made by Executive during the period of Executive's employment by the Company exclusively belongs to the Company (and not to Executive), and upon request by the Company for specified Confidential Information, Executive will promptly disclose such Confidential Information to the Company and perform all actions reasonably requested by the Company to establish and confirm such exclusive ownership. Affiliates of the Company shall be third party beneficiaries of Executive's obligations under this Article III. As a result of Executive's employment by the Company, Executive may also from time to time have access to, or knowledge of, Confidential Information or Work Product of third parties, such as customers, suppliers, partners, joint venturers, and the like, of the Company and its affiliates. Executive also agrees to preserve and protect the confidentiality of such third party Confidential Information and Work Product.

3.4 Ownership by the Company. If, during Executive's employment by the Company, Executive creates any work of authorship fixed in any tangible medium of expression that is the subject matter of copyright (such as videotapes, written presentations, or acquisitions, computer programs, E-mail, voice mail, electronic databases, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to the Company's business, products, or services, whether such work is created solely by Executive or jointly with others (whether during business hours or otherwise and whether on the Company's premises or otherwise), including any Work Product, the Company shall be deemed the author of such work if the work is prepared by Executive in the scope of Executive's employment; or, if the work relating to the Company's business, products, or services is not prepared by Executive within the scope of Executive's employment but is specially ordered by the Company as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and the Company shall be the author of the work. If the work relating to the Company's business, products, or services is neither prepared by Executive within the scope of Executive's employment nor a work specially ordered

that is deemed to be a work made for hire during Executive's employment by the Company, then Executive hereby agrees to assign, and by these presents does assign, to the Company all of Executive's worldwide right, title, and interest in and to such work and all rights of copyright therein.

3.5 Assistance by Executive. During the period of Executive's employment by the Company, Executive shall assist the Company and its nominee, at any time, in the protection of the Company's or its affiliates' worldwide right, title and interest in and to Confidential Information and Work Product and the execution of all formal assignment documents requested by the Company or its nominee(s) and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries. After Executive's employment with the Company terminates, at the request from time to time and expense of the Company or its affiliates, Executive shall assist the Company or its nominee(s) in the protection of the Company's or its affiliates' worldwide right, title and interest in and to Confidential Information and Work Product and the execution of all formal assignment documents requested by the Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries.

3.6 Remedies. Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Article III by Executive, and the Company or its affiliates shall be entitled to enforce the provisions of this Article III by terminating payments then owing to Executive under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article III but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Executive and Executive's agents. However, if it is determined that Executive has not committed a breach of this Article III, then the Company shall resume the payments and benefits due under this Agreement and pay to Executive and Executive's spouse, if applicable, all payments and benefits that had been suspended pending such determination.

3.7 Protected Rights. Notwithstanding any provision of this Agreement to the contrary, nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Health and Safety Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("**Government Agencies**"). This Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to any Government Agencies. Executive has been informed that nothing herein shall prevent Executive from making a disclosure of a trade secret that: (1) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, Executive has been informed that an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (x) files any document

ARTICLE IV
STATEMENTS CONCERNING THE COMPANY

4.1 Statements Concerning the Company. Executive shall refrain, both during and after the termination of the employment relationship, from publishing any oral or written statements about the Company, any of its affiliates or any of the Company's or such affiliates' directors, officers, employees, consultants, agents or representatives that (%) are slanderous, libelous or defamatory, (%) disclose Confidential Information of the Company, any of its affiliates or any of the Company's or any such affiliates' business affairs, directors, officers, employees, consultants, agents or representatives, or (%) place the Company, any of its affiliates, or any of the Company's or any such affiliates' directors, officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

ARTICLE V
EFFECT OF TERMINATION OF EMPLOYMENT

5.1 Effect of Termination of Employment.

(a) If Executive's employment hereunder shall terminate for any reason described in Section 2.1(a), 2.1(b), or 2.1(c) or pursuant to Executive's resignation for other than Good Reason, then all compensation and all benefits to Executive hereunder shall terminate contemporaneously with such termination of employment, except that Executive shall be entitled to (%) payment of all accrued and unpaid Base Salary to the Date of Termination, (%) reimbursement for all incurred but unreimbursed expenses for which Executive is entitled to reimbursement in accordance with Company policies, (%) payment of all accrued and unused paid vacation for the calendar year in which the Date of Termination occurs, and (%) benefits to which Executive is entitled under the terms of any applicable benefit plan or program.

(b) If Executive's employment hereunder shall terminate pursuant to Executive's resignation for Good Reason or by action of the Company pursuant to Section 2.1 for any reason other than those encompassed by Section 2.1(a), 2.1(b), or 2.1(c), then all compensation and all benefits to Executive shall terminate contemporaneously with such termination of employment, except that (i) Executive shall be entitled to receive the compensation and benefits described in clauses (i) through (iv) of Section 5.1(a) and (ii) if, on the Date of Termination, the Company does not have a right to terminate Executive's employment under Section 2.1(a), 2.1(b), or 2.1(c) and subject to Executive's delivery, within 50 days after the Date of Termination, and non-revocation of an executed release substantially in the form of the release contained at Appendix A (the "**Release**"), Executive shall receive the following additional compensation and benefits from the Company (but no other additional compensation or benefits after such termination):

(A) the Company shall pay to Executive any unpaid Annual Bonus for the calendar year ending prior to the Date of Termination, which amount shall be payable in a lump-sum on the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than 60 days after the Date of Termination (or, if earlier, the December 31 next following such calendar year) nor later than the December 31 next following such calendar year);

(B) the Company shall pay to Executive a bonus for the calendar year in which the Date of Termination occurs in an amount equal to the Annual Bonus for such year as determined in good faith by the Board in accordance with the applicable performance criteria and based on the Company's performance for such year, which amount shall be prorated through and including the Date of Termination (based on the ratio of the number of days Executive was employed by the Company during such year to the number of days in such year), payable in a lump-sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than 60 days after the Date of Termination nor later than the May 15 next following such calendar year);

(C) the Company shall pay to Executive an amount equal to the Severance Multiple times the sum of (i) Executive's Base Salary as of the Date of Termination and (ii) Executive's Target Bonus Percentage as of the Date of Termination multiplied by Executive's Base Salary as of the Date of Termination, which amount shall be paid in a lump sum payment on the date that is 60 days after the Date of Termination occurs; and

(D) during the portion, if any, of the 18-month period following the Date of Termination that Executive elects to continue coverage for Executive and Executive's spouse and eligible dependents, if any, under the Company's group health plans under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), and/or sections 601 through 608 of the Employee Retirement Income Security Act of 1974, as amended, the Company shall promptly reimburse Executive on a monthly basis for the difference between the amount Executive pays to effect and continue such coverage and the employee contribution amount that active senior executive employees of the Company pay for the same or similar coverage under such group health plans.

Notwithstanding the time of payment provisions of Section 5.1(b)(ii) above, if Executive is a specified employee (as such term is defined in section 409A of the Code and as determined by the Company in accordance with any method permitted under section 409A of the Code) and the payment of any amounts described in such Section would be subject to additional taxes and interest under section 409A of the Code because the timing of such payment is not delayed as provided in section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, then such amount (together with interest on a non-compounded basis, from the date such payment would have been made had this payment delay not applied to the actual

date of payment, at the prime rate of interest announced by Wells Fargo Bank, National Association (or any successor thereto) at its principal office in Charlotte, North Carolina on the date of Executive's termination of employment (or the first business day following such date if such termination does not occur on a business day)) shall be paid within five business days after the Section 409A Payment Date.

ARTICLE VI
NON-COMPETITION AGREEMENT

6.1 Definitions. As used in this Article VI, the following terms shall have the following meanings:

"Business" means (a) during the period of Executive's employment by the Company, the design, manufacture and supply of products and services for the oil and gas industry provided by the Company and its subsidiaries during such period and other products and services that are functionally equivalent to the foregoing, and (b) during the portion of the Prohibited Period that begins on the termination of Executive's employment with the Company, the design, manufacture and supply of products and services for the oil and gas industry provided by the Company and its subsidiaries at the time of such termination of employment (or, if earlier, at the time immediately preceding the date upon which a Change in Control occurs) and other products and services that are functionally equivalent to the foregoing.

"Competing Business" means any business, individual, partnership, firm, corporation or other entity (other than an affiliate of the Company, L. E. Simmons & Associates, Inc. ("**LESA**") and its affiliates, or another entity in which SCF-V, L.P., a Delaware limited partnership, SCF-VI, L.P., a Delaware limited partnership, SCF-VII, L.P., a Delaware limited partnership, or any future limited partnership established by an affiliate of LESA has an ownership interest) which wholly or in any significant part engages in any business competing with the Business in the Restricted Area. In no event will the Company or any of its subsidiaries be deemed a Competing Business.

"Governmental Authority" means any governmental, quasi-governmental, state, county, city or other political subdivision of the United States or any other country, or any agency, court or instrumentality, foreign or domestic, or statutory or regulatory body thereof.

"Legal Requirement" means any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization, or other directional requirement (including, without limitation, any of the foregoing that relates to environmental standards or controls, energy regulations and occupational, safety and health standards or controls including those arising under environmental laws) of any Governmental Authority.

"Prohibited Period" means the period during which Executive is employed by the Company hereunder and a period of two years following the end of Executive's employment with the Company.

"Restricted Area" means any geographical area within 100 miles in which the Company and its subsidiaries engage in the Business during the period during which Executive is employed

hereunder, which such area includes, without limitation, the parishes in Louisiana set forth on Appendix B hereto.

6.2 Non-Competition; Non-Solicitation. Executive and the Company agree to the non-competition and non-solicitation provisions of this Article VI in consideration for the Confidential Information provided by the Company to Executive pursuant to Article III of this Agreement, to protect the trade secrets and confidential information of the Company or its affiliates disclosed or entrusted to Executive by the Company or its affiliates or created or developed by Executive for the Company or its affiliates, to protect the business goodwill of the Company or its affiliates developed through the efforts of Executive and/or the business opportunities disclosed or entrusted to Executive by the Company or its affiliates and as an additional incentive for the Company to enter into this Agreement.

(a) Subject to the exceptions set forth in Section 6.2(b) below, Executive expressly covenants and agrees that during the Prohibited Period (%) Executive will refrain from carrying on or engaging in, directly or indirectly, any Competing Business in the Restricted Area and (%) Executive will not, and Executive will cause Executive's affiliates not to, directly or indirectly, own, manage, operate, join, become an employee of, partner in, owner or member of (or an independent contractor to), control or participate in, be connected with or loan money to, sell or lease equipment or property to, or otherwise be affiliated with any business, individual, partnership, firm, corporation or other entity which engages in a Competing Business in the Restricted Area, as Executive expressly agrees that each of the foregoing activities would represent carrying on or engaging in a Competitive Business, as prohibited by this Section 6.2(a).

(b) Notwithstanding the restrictions contained in Section 6.2(a), Executive or any of Executive's affiliates may own an aggregate of not more than 2% of the outstanding stock of any class of any corporation engaged in a Competing Business, if such stock is listed on a national securities exchange or regularly traded in the over-the-counter market by a member of a national securities exchange, without violating the provisions of Section 6.2(a), provided that neither Executive nor any of Executive's affiliates has the power, directly or indirectly, to control or direct the management or affairs of any such corporation and is not involved in the management of such corporation.

(c) Executive further expressly covenants and agrees that during the Prohibited Period, Executive will not, and Executive will cause Executive's affiliates not to (%) engage or employ, or solicit or contact with a view to the engagement or employment of, or recommend or refer to any person or entity (other than the Company or one of its affiliates) for engagement or employment any person who is an officer or employee of the Company or any of its affiliates or (%) canvass, solicit, approach or entice away or cause to be canvassed, solicited, approached or enticed away from the Company or any of its affiliates any person or entity who or which is a customer of any of such entities during the period during which Executive is employed by the Company.

(d) The restrictions contained in Section 6.2 shall not apply to any product or service that the Company provided during Executive's employment but that the Company

no longer provides at the Date of Termination. Further, notwithstanding the other provisions of this Section 6.2, within the State of Oklahoma, the restrictions of Sections 6.2(a) and 6.2(c)(ii) shall be limited to preventing Executive from directly soliciting the sale of goods, services or a combination of goods and services from any established customer of the Company, as may exist from time-to-time.

(e) Before accepting employment with any other person or entity while employed by the Company or during the Prohibited Period, Executive will inform such person or entity of the restrictions contained in this Article VI.

6.3 Relief. Executive and the Company agree and acknowledge that the limitations as to time, geographical area and scope of activity to be restrained as set forth in Section 6.2 are reasonable and do not impose any greater restraint than is necessary to protect the legitimate business interests of the Company. Executive and the Company also acknowledge that money damages would not be sufficient remedy for any breach of this Article VI by Executive, and the Company or its affiliates shall be entitled to enforce the provisions of this Article VI by terminating payments then owing to Executive under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article VI but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Executive and Executive's agents. However, if it is determined that Executive has not committed a breach of this Article VI, then the Company shall resume the payments and benefits due under this Agreement and pay to Executive all payments and benefits that had been suspended pending such determination.

6.4 Reasonableness; Enforcement. Executive hereby represents to the Company that Executive has read and understands, and agrees to be bound by, the terms of this Article VI. Executive acknowledges that the geographic scope and duration of the covenants contained in this Article VI are the result of arm's-length bargaining and are fair and reasonable in light of (a) the nature and wide geographic scope of the operations of the Business, (b) Executive's level of control over and contact with the Business in all jurisdictions in which it is conducted, (c) the fact that the Business is conducted throughout the Restricted Area and (d) the amount of Confidential Information that Executive is receiving in connection with the performance of Executive's duties hereunder. It is the desire and intent of the parties that the provisions of this Article VI be enforced to the fullest extent permitted under applicable Legal Requirements, whether now or hereafter in effect and therefore, to the extent permitted by applicable Legal Requirements, Executive and the Company hereby waive any provision of applicable Legal Requirements that would render any provision of this Article VI invalid or unenforceable.

6.5 Reformation. The Company and Executive agree that the foregoing restrictions are reasonable under the circumstances and that any breach of the covenants contained in this Article VI would cause irreparable injury to the Company. Executive understands that the foregoing restrictions may limit Executive's ability to engage in certain businesses anywhere in the Restricted Area during the Prohibited Period, but acknowledges that Executive will receive sufficient consideration from the Company to justify such restriction. Further, Executive acknowledges that Executive's skills are such that Executive can be gainfully employed in non-competitive

employment, and that the agreement not to compete will not prevent Executive from earning a living. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, the Company and Executive intend to make this provision enforceable under the law or laws of all applicable States, Provinces and other jurisdictions so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal. Such modification shall not affect the payments made to Executive under this Agreement.

ARTICLE VII
DISPUTE RESOLUTION

7.1 Arbitration. All claims or disputes between Executive and the Company or its parents, subsidiaries and affiliates (including, without limitation, claims relating to the validity, scope, and enforceability of this Article VII and claims arising under any federal, state or local law regarding the terms and conditions of employment or prohibiting discrimination in employment or governing the employment relationship in any way) shall be submitted for final and binding arbitration in Houston, Texas in accordance with the then-applicable rules for resolution of employment disputes of the American Arbitration Association (“AAA”). The arbitration shall be conducted by a single arbitrator chosen pursuant to the then-applicable rules for resolution of employment disputes of the AAA, and the Company shall bear the costs of such arbitration. For the avoidance of doubt, the Company’s assumption of costs referenced in the previous sentence applies to the costs of the AAA only, and does not include attorney or expert fees or other fees or costs incurred by Executive. The arbitrator shall apply the substantive law of the State of Texas (excluding Texas choice-of-law principles that might call for the application of some other state’s law), or federal law, or both as applicable to the claims asserted. The results of the arbitration and the decision of the arbitrator will be final and binding on the parties and each party agrees and acknowledges that these results shall be enforceable in a court of law. No demand for arbitration may be made after the date when the institution of legal or equitable proceedings based on such claim or dispute would be barred by the applicable statute(s) of limitations. In the event either party must resort to the judicial process to enforce the provisions of this Agreement, the award of an arbitrator or equitable relief granted by an arbitrator, the party successfully seeking enforcement shall be entitled to recover from the other party all costs of such litigation including, but not limited to, reasonable attorneys’ fees and court costs. To the fullest extent permitted by law, all proceedings conducted pursuant to this agreement to arbitrate, including any order, decision or award of the arbitrator, shall be kept confidential by all parties. Notwithstanding the foregoing, Executive and the Company further acknowledge and agree that a court of competent jurisdiction residing in Houston, Texas shall have the power to maintain the status quo pending the arbitration of any dispute under this Article VII, and this Article VII shall not require the arbitration of any application for emergency, temporary or preliminary injunctive relief (including temporary restraining orders) by either party pending arbitration, including, without limitation, any application for emergency, temporary or preliminary injunctive relief for any claim arising out of Article III or Article VI of this Agreement; provided, however, that the remainder of any such dispute beyond the application

for such emergency, temporary or preliminary injunctive relief shall be subject to arbitration under this Article VII. **THE PARTIES ACKNOWLEDGE THAT, BY SIGNING THIS AGREEMENT, THEY ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS THAT THEY MAY HAVE TO A JURY TRIAL OR, EXCEPT AS EXPRESSLY PROVIDED HEREIN, A COURT TRIAL OF ANY CLAIM THAT IS SUBJECT TO THIS ARTICLE VII.**

ARTICLE VIII
CERTAIN EXCISE TAXES

8.1 Certain Excise Taxes. Notwithstanding anything to the contrary in this Agreement, if Executive is a “disqualified individual” (as defined in section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Executive has the right to receive from the Company or any of its affiliates, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and its affiliates will be one dollar (\$1.00) less than three times Executive’s “base amount” (as defined in section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times Executive’s base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 8.1 shall require the Company to be responsible for, or have any liability or obligation with respect to, Executive’s excise tax liabilities under section 4999 of the Code. Notwithstanding the foregoing, if shareholder approval (obtained in a manner that satisfies the requirements of section 280G(b)(5) of the Code) of a payment or benefit to be provided to Executive by the Company or any other person (whether under this Agreement or otherwise) would prevent Executive from receiving a “parachute payment” (as defined in section 280G(b)(2) of the Code), then, upon the request of Executive and his agreement (to the extent necessary) to subject his entitlement to the receipt of such payment or benefit to shareholder approval, the Company shall seek such approval in a manner that satisfies the requirements of section 280G of the Code and the regulations thereunder.

ARTICLE IX
MISCELLANEOUS

9.1 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (3) when received if delivered personally or by courier, (3) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested or (3) one day after transmission if sent by facsimile transmission with confirmation of transmission, as follows:

If to Executive, addressed to: the most recent home address for Executive in the Company's files.

If to the Company, addressed to: Forum Energy Technologies, Inc.
920 Memorial City Way
Suite 1000
Houston, Texas 77024
Attention: Chief Executive Officer

Facsimile: (281) 949-2555

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

9.2 Applicable Law; Submission to Jurisdiction.

(a) This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas, without regard to conflicts of laws principles thereof.

(b) With respect to any claim or dispute related to or arising under this Agreement, the parties hereto hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Harris County, Texas.

9.3 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

9.4 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

9.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

9.6 Withholding of Taxes and Other Employee Deductions. The Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes and withholdings as may be required pursuant to any law or governmental regulation or ruling and all other customary deductions made with respect to the Company's employees generally.

9.7 Headings. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

9.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

9.9 Affiliate and Subsidiary. As used in this Agreement, (a) the term "*affiliate*" as used with respect to a particular person or entity shall mean any other person or entity which owns or controls, is owned or controlled by, or is under common ownership or control with, such particular person or entity and (b) the term "*subsidiary*" as used with respect to a particular entity shall mean a direct or indirect subsidiary of such entity.

9.10 Successors. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company. Except as provided in the preceding sentence, this Agreement, and the rights and obligations of the parties hereunder, are personal and neither this Agreement, nor any right, benefit or obligation of either party hereto, shall be subject to voluntary or involuntary assignment, alienation or transfer, whether by operation of law or otherwise, without the prior written consent of the other party. In addition, any payment owed to Executive hereunder after the date of Executive's death shall be paid to Executive's estate.

9.11 Term. Termination of this Agreement shall not affect any right or obligation of any party which is accrued or vested prior to such termination. Without limiting the scope of the preceding sentence, the provisions of Articles III, IV, V, IV, and V shall survive any termination of the employment relationship and/or of this Agreement.

9.12 Entire Agreement. Except as provided in any signed written agreement contemporaneously or hereafter executed by the Company and Executive, 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 employment of Executive by the Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof including, without limitation, any prior employment agreement or severance agreement between Executive and the Company or an affiliate, are hereby null and void and of no further force and effect, and this Agreement supersedes and cancels Executive's prior eligibility, if any, under any severance plan of the Company and its affiliates.

9.13 Modification; Waiver. Any modification to or waiver of this Agreement will be effective only if it is in writing and signed by the parties to this Agreement.

9.14 Actions by the Board. Any and all determinations or other actions required of the Board hereunder that relate specifically to Executive's employment by the Company or the terms and conditions of such employment shall be made by the members of the Board other than Executive if Executive is a member of the Board, and Executive shall not have any right to vote or decide upon any such matter.

9.15 Executive's Representations and Warranties. Executive represents and warrants to the Company that (%3) Executive does not have any agreements with Executive's prior employer that will prohibit Executive from working for the Company or fulfilling Executive's duties and obligations to the Company and (%3) Executive has complied with all duties imposed on Executive with respect to Executive's former employer, e.g., Executive does not possess any tangible property belonging to Executive's former employer.

9.16 Delayed Payment Restriction. Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under section 409A of the Code if Executive's receipt of such payment or benefit is not delayed until the Section 409A Payment Date, then such payment or benefit shall not be provided to Executive (or Executive's estate, if applicable) until the Section 409A Payment Date.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

FORUM ENERGY TECHNOLOGIES, INC.

By: /s/ C. Christopher Gaut
Name: C. Christopher Gaut
Title: President, Chief Executive Officer and
Chairman
of the Board

EXECUTIVE

/s/ John C. Ivascu
John C. Ivascu

**Appendix A
RELEASE AGREEMENT**

This Release Agreement (this "**Agreement**") constitutes the release referred to in that certain Severance Agreement (the "**Severance Agreement**") effective as of _____, 20__, by and between John C. Ivascu ("**Executive**") and Forum Energy Technologies, Inc., a Delaware corporation (the "**Company**").

1. **General Release.**

(a) For good and valuable consideration, including the Company's provision of certain payments and benefits to Executive in accordance with Section 5.1(b)(ii) of the Severance Agreement, Executive hereby releases, discharges and forever acquits the Company, its affiliates and subsidiaries, the past, present and future stockholders, members, partners, directors, managers, employees, agents, attorneys, heirs, legal representatives, successors and assigns of the foregoing, as well as all employee benefit plans maintained by the Company or any of its affiliates or subsidiaries and all fiduciaries and administrators of any such plan, in their personal and representative capacities (collectively, the "**Company Parties**"), from liability for, and hereby waives, any and all claims, rights, damages, or causes of action of any kind related to Executive's employment with any Company Party, the termination of such employment, and any other acts or omissions related to any matter on or prior to the date of this Agreement (collectively, the "**Released Claims**").

(b) The Released Claims include without limitation those arising under or related to: (%) the Age Discrimination in Employment Act of 1967; (%) Title VII of the Civil Rights Act of 1964; (%) the Civil Rights Act of 1991; (%) sections 1981 through 1988 of Title 42 of the United States Code; (%) the Employee Retirement Income Security Act of 1974, including, but not limited to, sections 502(a)(1)(A), 502(a)(1)(B), 502(a)(2), and 502(a)(3) to the extent the release of such claims is not prohibited by applicable law; (%) the Immigration Reform Control Act; (%) the Americans with Disabilities Act of 1990; (%) the National Labor Relations Act; (%) the Occupational Safety and Health Act; (%) the Family and Medical Leave Act of 1993; (%) any state or federal anti-discrimination law; (%) any state or federal wage and hour law; (%) any other local, state or federal law, regulation or ordinance; (%) any public policy, contract, tort, or common law; (%) costs, fees, or other expenses including attorneys' fees incurred in these matters; (%) any employment contract, incentive compensation plan or stock option plan with any Company Party or to any ownership interest in any Company Party except as expressly provided in the Severance Agreement and any stock option or other equity compensation agreement between Executive and the Company; and (%) compensation or benefits of any kind not expressly set forth in the Severance Agreement or any such stock option or other equity compensation agreement.

(c) In no event shall the Released Claims include (%) any claim which arises after the date of this Agreement, or (%) any claims for the payments and benefits payable to Executive under Section 5.1(b)(ii) of the Severance Agreement.

(d) Notwithstanding this release of liability, nothing in this Agreement prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission ("**EEOC**") or comparable state or local agency or participating in any investigation or proceeding conducted by the EEOC or comparable state or local agency; however, Executive understands and agrees that Executive is waiving any and all rights to recover any monetary or personal relief or recovery as a result of such EEOC, or comparable state or local agency proceeding or subsequent legal actions.

(e) This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Executive is simply agreeing that, in exchange for the consideration recited in the first sentence of Section 1(a) of this Agreement, any and all potential claims of this nature that Executive may have against the Company Parties, regardless of whether they actually exist, are expressly settled, compromised and waived.

(f) By signing this Agreement, Executive is bound by it. Anyone who succeeds to Executive's rights and responsibilities, such as heirs or the executor of Executive's estate, is also bound by this Agreement. This release also applies to any claims brought by any person or agency or class action under which Executive may have a right or benefit. **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE COMPANY PARTIES.**

2. **Covenant Not to Sue; Executive's Representation.** Executive agrees not to bring or join any lawsuit against any of the Company Parties in any court relating to any of the Released Claims. Executive represents that Executive has not brought or joined any claim, lawsuit or arbitration against any of the Company Parties in any court or before any administrative agency or arbitral authority and has made no assignment of any rights Executive has asserted or may have against any of the Company Parties to any person or entity, in each case, with respect to any Released Claims. Executive expressly represents that, as of the date Executive executes this Agreement, Executive has been provided all leaves (paid and unpaid) and paid all wages and compensation owed to Executive by the Company Parties with the exception of all payments owed as a condition of Executive's executing (and not revoking) this Agreement.

3. **Acknowledgments.** By executing and delivering this Agreement, Executive acknowledges that:

(a) Executive has carefully read this Agreement;

(b) Executive has had at least [twenty-one (21)] [forty-five (45)] days to consider this Agreement before the execution and delivery hereof to the Company [Add if 45 days applies: , and Executive acknowledges that attached to this Agreement is a list of (%) the job titles and ages of all employees selected for participation in the employment termination or exit incentive program pursuant to which Executive is being offered this Agreement, (%) the job titles and ages

of all employees in the same job classification or organizational unit who were not selected for participation in the program, and (%3) information about the unit affected by the program, including any eligibility factors for such program and any time limits applicable to such program];

(c) Executive has been and hereby is advised in writing that Executive may, at Executive’s option, discuss this Agreement with an attorney of Executive’s choice and that Executive has had adequate opportunity to do so; and

(d) Executive fully understands the final and binding effect of this Agreement; the only promises made to Executive to sign this Agreement are those stated in the Severance Agreement and herein; and Executive is signing this Agreement voluntarily and of Executive’s own free will, and that Executive understands and agrees to each of the terms of this Agreement.

4. **Revocation Right.** Executive may revoke this Agreement within the seven day period beginning on the date Executive signs this Agreement (such seven day period being referred to herein as the “*Release Revocation Period*”). To be effective, such revocation must be in writing signed by Executive and must be delivered to the Chief Executive Officer of the Company before 11:59 p.m., Houston, Texas time, on the last day of the Release Revocation Period. This Agreement is not effective, and no consideration shall be paid to Executive, until the expiration of the Release Revocation Period without Executive’s revocation. If an effective revocation is delivered in the foregoing manner and timeframe, this Agreement shall be of no force or effect and shall be null and void ab initio.

Executed on this _____ day of _____, _____.

John C. Ivascu

STATE OF _____ §

§

COUNTY OF _____ §

BEFORE ME, the undersigned authority personally appeared C. Christopher Gaut, by me known or who produced valid identification as described below, who executed the foregoing instrument and acknowledged before me that he subscribed to such instrument on this _____ day of _____, _____.

NOTARY PUBLIC in and for the

State of _____

My Commission Expires: _____

Identification produced:

APPENDIX B
RESTRICTED AREA

The following parishes in the State of Louisiana:

- Caddo
- Iberia
- Lafayette
- St. Martin

**Forum Energy Technologies, Inc.
Certification**

I, C. Christopher Gaut, certify that:

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

Date: May 1, 2019

By: /s/ C. Christopher Gaut

C. Christopher Gaut

President, Chief Executive Officer and Chairman of the Board

**Forum Energy Technologies, Inc.
Certification**

I, Pablo G. Mercado, certify that:

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

Date: May 1, 2019

By: /s/ Pablo G. Mercado

Pablo G. Mercado

Senior Vice President, Chief Financial Officer and Treasurer

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended March 31, 2019, 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.

Date: May 1, 2019

By: /s/ C. Christopher Gaut

C. Christopher Gaut

President, Chief Executive Officer and Chairman of the Board

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

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

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Pablo G. Mercado, 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.

Date: May 1, 2019

By: /s/ Pablo G. Mercado

Pablo G. Mercado

Senior Vice President, Chief Financial Officer and Treasurer

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.