

FORUM ENERGY TECHNOLOGIES, INC.

Form DEF 14A

April 02, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Exchange Act Rule 14a-12

FORUM ENERGY TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
(set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

2019 PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

LETTER FROM THE CHAIRMAN OF THE BOARD TO OUR STOCKHOLDERS

April 2, 2019

Dear Fellow Stockholders:

On behalf of your board of directors and management, I am pleased to invite you to attend the annual meeting of stockholders of Forum Energy Technologies, Inc. (the “Company” or “Forum”), which will be held at 8:00 a.m., Central Daylight Time, on May 14, 2019, at our offices located at 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064.

Overview:

During 2018, despite challenging conditions in the oil and gas industry, Forum continued to increase revenue and improve profitability. On a year over year basis, Forum achieved strong revenue and adjusted EBITDA growth, with significant improvement of our adjusted EBITDA margins. In addition, management successfully positioned our three business segments to more efficiently serve our customers and maintained our strong liquidity position.

Forum’s achievements in 2018 were, however, curbed by challenging market conditions. First, drilling and completions activity for the U.S. onshore market was strong through the first half of 2018, but had a sharp decline late in the year. Activity in regions with higher costs for the production of energy, especially offshore and in some international regions, 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 was affected by decreases in oil prices. In addition, global offshore and subsea activity remained at historically low levels, limiting demand for our product offerings in that market. Finally, the imposition of steel tariffs on materials imported into the U.S. also adversely impacted some of our businesses.

Highlighted in this proxy statement are some of Forum’s successes during 2018. I encourage you to review the entire proxy statement for a comprehensive look at these achievements.

Alignment of Compensation and Performance:

We believe our compensation program continues to appropriately reward employees for producing sustainable growth consistent with our long-term goals. We believe strongly in the link between pay and long-term performance and align our executive compensation program with long-term shareholder interests. Similar to prior years, over 80% of the Chief Executive Officer's total executive compensation was at-risk and tied to the Company's performance. In addition, and new in 2019, 50% of each executive officer's long-term incentive grant was in the form of performance shares with a payout tied to the Company's three year total shareholder return compared to its peer group.

Executive Team Succession:

Effective March 1, 2018, Mr. Pablo G. Mercado was appointed as Senior Vice President and Chief Financial Officer. In addition, effective February 15, 2019, Mr. John C. Ivascu was appointed to serve as Senior Vice President, General Counsel and Secretary. Both Mr. Mercado and Mr. Ivascu have held positions of increasing responsibility within Forum and have been integral parts of the Company's development, including advising on over twenty merger and acquisition transactions during their tenure at Forum. In addition, Mr. D. Lyle Williams, Senior Vice President – Operations, has held various financial and operations roles over his eleven year career with Forum and is a key member of our executive team. Messrs. Mercado, Ivascu and Williams are examples of Forum's robust executive succession planning program, demonstrating our commitment to the development of our future leaders. I have the highest level of confidence in Messrs. Mercado's, Ivascu's and Williams's ability to create shareholder value and help drive profitable growth.

On November 30, 2018, I returned to the CEO role at Forum at the request of the board of directors. I am committed and motivated to increasing shareholder value, while supporting Forum's core values of safety, integrity, making this a good place to work and being customer focused.

Looking Ahead:

Our strategy to be a scalable company with a strong balance sheet and low capital intensity has remained unchanged. We have recommitted, however, to generating strong free cash flow throughout the market cycle, as we have done consistently over Forum's first six years as a public company. With the right focus, we believe our low capital intensity, and our balanced portfolio of well-positioned consumable products and strong capital equipment brands, position us to generate free cash flow on a consistent and continuous basis in any market environment.

We have achieved a great deal in what has been a very challenging time, due to our positive culture, and the hard work and dedication of our employees. Thank you for your continued support and interest in Forum Energy Technologies.

Sincerely,

C. Christopher Gaut
*President, Chief Executive Officer and
Chairman of the Board*

FORUM ENERGY TECHNOLOGIES, INC.

**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 14, 2019**

The annual meeting of stockholders of Forum Energy Technologies, Inc. will be held at 8:00 a.m., Central Daylight Time, on May 14, 2019, at our offices located at 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064, for the following purposes:

	Description:	Board Recommendation:
Proposal 1	Elect the three persons named in this proxy statement as directors for terms of three years.	FOR ALL
Proposal 2	Approve, on a non-binding, advisory basis, the compensation of our named executive officers.	FOR
Proposal 3	Approve our Amended and Restated 2016 Stock and Incentive Plan.	FOR
Proposal 4	Vote, on a non-binding advisory basis, on the frequency of future advisory votes on the compensation of our named executive officers.	1 YEAR
Proposal 5	Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019.	FOR

Forum's board of directors has established March 20, 2019 as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. For a period of ten days prior to the annual meeting, a complete list of stockholders of record entitled to vote at the annual meeting will be available at our executive offices for inspection by stockholders during ordinary business hours for proper purposes.

We are utilizing the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders over the Internet. We believe these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and protecting the environment. On or about the date hereof, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2019 proxy statement and our annual report on Form 10-K for the year ended December 31, 2018. The notice provides

instructions on how you can request a paper copy of these documents if you desire. Stockholders are urged, whether or not they expect to be present at the meeting, to vote their shares as promptly as possible by following the instructions in the Notice of Internet Availability of Proxy Materials. Any person giving a proxy has the power to revoke it at any time, and stockholders present at the meeting may withdraw their proxies and vote in person. If you attend the meeting and desire to vote in person, you may do so even though you have previously submitted your proxy.

By order of the Board of Directors,

John C. Ivascu
Secretary

April 2, 2019
10344 Sam Houston Park Drive, Suite 300
Houston, Texas 77064

IMPORTANT INFORMATION REGARDING THE ANNUAL MEETING OF STOCKHOLDERS

Registration will begin at 7:30 a.m. Please note that space limitations make it necessary to limit attendance at the meeting to stockholders, though each stockholder may be accompanied by one guest. Please bring photo identification, such as a driver's license or passport, and if you hold your shares in brokerage accounts, a copy of a brokerage statement reflecting stock ownership as of the record date. Please keep in mind that cameras, recording devices and other electronic devices are not permitted at the meeting.

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FORUM ENERGY TECHNOLOGIES, INC.
10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064

**PROXY STATEMENT
FOR
2019 ANNUAL MEETING OF STOCKHOLDERS**

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors for use at the 2019 Annual Meeting of Stockholders of Forum Energy Technologies, Inc. (“Forum” or the “Company”) to be held on May 14, 2019, or at any adjournment or postponement thereof, at the time and place and for the purposes specified in the accompanying notice of annual meeting.

We have elected to provide access to our proxy materials over the Internet and are sending a Notice of Internet Availability of Proxy Materials (the “Notice”) to our stockholders of record. All stockholders will have the ability to access the proxy materials. Instructions on how to access the proxy materials over the Internet, or to request a printed copy, may be found on the Notice.

All properly executed written proxies delivered pursuant to this solicitation, and not later revoked, will be voted at the annual meeting in accordance with the instructions given in the proxy. When voting regarding the election of directors, stockholders may vote in favor of all nominees, withhold their votes as to all nominees or withhold their votes as to specific nominees. When voting on the frequency of future advisory votes on the compensation of our named executive officers, stockholders may select a frequency of 1 year, 2 years or 3 years, or abstain. When voting regarding the approval of the compensation of our named executive officers, the approval of the Amended and Restated 2016 Stock and Incentive Plan and the ratification of the appointment of our independent registered public accounting firm, stockholders may vote for or against the proposal or may abstain from voting. Stockholders should vote their shares on the proxy card. If no choice is indicated, proxies that are signed and returned will be voted as recommended by our board of directors.

All shares of our common stock represented by properly executed and unrevoked proxies will be voted if such proxies are received in time for the meeting.

QUORUM, VOTE REQUIRED AND REVOCATION OF PROXIES

The board of directors has established March 20, 2019 as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. As of the record date, 109,908,072 shares of common stock were issued and outstanding. Each share of common stock is entitled to one vote upon each matter to be voted on at the meeting. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of common stock at the annual meeting is necessary to constitute a quorum.

The three nominees for director who receive the greatest number of votes cast at the meeting will be elected as directors. If any nominee for director receives a greater number of votes “withheld” than votes “for” such election, our board of directors requires that such person must tender his or her resignation. Cumulative voting is not permitted in the election of directors. The approval of the compensation of our named executive officers on an advisory basis and the ratification of the appointment of our independent registered public accounting firm is subject to the approval of a majority of the shares of common stock present in person or by proxy at the meeting and entitled to vote on the matter. Approval of the Amended and Restated 2016 Stock and Incentive Plan is subject to our receiving a greater number of votes cast in favor of the plan than votes opposing the proposal, and that votes representing more than 50% of our outstanding shares of common stock are cast on the proposal. The alternative (other than abstention) regarding the frequency of future advisory votes on the compensation of named executive officers that receives the most votes will be deemed the advice of our stockholders.

Brokers holding shares of our common stock must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. The New York Stock Exchange (“NYSE”), however, precludes brokers from exercising voting discretion on certain proposals without specific instructions from the beneficial owner. Under NYSE rules, brokers holding shares in “street name” for their beneficial holder clients will have discretion to vote only on the ratification of the appointment of our independent registered public accounting firm. Brokers cannot vote on the other matters to be considered at the meeting without instructions from the beneficial owners. If you do not instruct your broker how to vote on those matters, your broker will not vote on your behalf.

Abstentions and broker non-votes are counted as present in determining whether the quorum requirement is satisfied. For purposes of determining the outcome of any question as to which the broker has indicated that it does not have discretionary authority to vote, these shares will be treated as not present with respect to that question, even though those shares are considered

present for quorum purposes and may be entitled to vote on other questions. Because the three nominees for director who receive the greatest number of votes cast at the meeting will be elected, abstentions and broker non-votes will not affect the outcome of the voting on the elections. Because the approval of the compensation of our named executive officers on an advisory basis, the approval of our Amended and Restated 2016 Stock and Incentive Plan, and the ratification of the appointment of our independent registered public accounting firm requires the approval of a majority of the shares of common stock present in person or by proxy at the meeting and entitled to vote on the applicable matter, abstentions will have the same effect as votes against these proposals. Broker non-votes, on the other hand, will not affect the outcome of the voting with regard to such proposals. With regard to the advisory vote on the frequency of future advisory votes on the compensation of named executive officers, because the alternative (other than abstention) that receives the most votes will be deemed the advice of stockholders, abstentions and broker non-votes will not affect the outcome of the voting on this proposal.

Any holder of our common stock has the right to revoke his or her proxy at any time prior to the voting thereof at the annual meeting by: (1) filing a written revocation with the Secretary prior to the voting of such proxy, (2) giving a duly executed proxy bearing a later date, or (3) attending the annual meeting and voting in person. Attendance by a stockholder at the annual meeting will not itself revoke his or her proxy. If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee in revoking your previously granted proxy.

If your properly executed proxy does not indicate how you wish to vote your common stock, the persons named on the proxy card will vote as follows:

Proposal 1: “FOR ALL”;

Proposal 2: “FOR”;

Proposal 3: “FOR”;

Proposal 4: “1 YEAR”; and

Proposal 5: “FOR”.

COST AND METHOD OF PROXY SOLICITATION

We will bear the cost of the solicitation of proxies. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from stockholders by telephone or facsimile or in person. Proxy materials will be furnished without cost to brokers, dealers and other custodian nominees and fiduciaries to forward to the beneficial owners of shares held in their names.

SECURITY OWNERSHIP

The following table sets forth information as of March 20, 2019 with regard to the beneficial ownership of our common stock by (1) each of our stockholders who is known by us to be a beneficial owner of more than 5% of our common stock, (2) our directors and director nominees and the persons named in the “Summary Compensation Table” below and (3) all of our current executive officers and directors as a group. Unless otherwise indicated, all of such stock is owned directly, and the indicated person or entity has sole voting and investment power.

Name and Address ⁽¹⁾	Number of Shares Beneficially Owned ⁽²⁾	Percent of Class
Stockholders owning 5% or more:		
SCF-V, L.P. and Related Entities 600 Travis Street, Suite 6600 Houston, TX 77002 ⁽³⁾	20,532,800	18.7%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355 ⁽⁴⁾	7,094,544	6.5%
BlackRock Inc. 52 East 52nd Street New York, NY 10055 ⁽⁵⁾	5,926,930	5.4%
Dimensional Fund Advisers, LP Building One 6300 Bee Cave Road Austin, TX 78746 ⁽⁶⁾	5,844,794	5.3%
Q-GT (V) Investment Partners, LLC 1401 McKinney Street, Suite 2700 Houston, TX 77010 ⁽⁷⁾	5,787,933	5.3%
Directors and Nominees:		
C. Christopher Gaut ⁽⁸⁾	4,434,022	3.9
Evelyn M. Angelle ⁽⁹⁾	114,787	*
David C. Baldwin ⁽³⁾⁽¹⁰⁾	20,603,012	18.7
John A. Carrig ⁽¹¹⁾	108,915	*
Michael McShane	147,515	*
Terence M. O’Toole ⁽¹²⁾	2,753,190	2.5
Louis A. Raspino	144,796	*
John Schmitz ⁽¹³⁾	2,235,925	2.0

Andrew L. Waite ⁽³⁾⁽¹⁴⁾	20,585,940	18.7
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Other Named Executive Officers:

Pablo G. Mercado	210,885	*
James L. McCulloch	673,241	*
Michael D. Danford	258,619	*

Name and Address ⁽¹⁾	Number of Shares Beneficially Owned ⁽²⁾	Percent of Class
D. Lyle Williams	208,614	*
James W. Harris	800,400	*
Prady Iyyanki	237,358	*
All executive officers and directors as a group (13 persons)	31,348,543	28.5

* Less than 1% of issued and outstanding shares of common stock.

(1) Unless otherwise indicated, the address of each beneficial owner is c/o Forum Energy Technologies, Inc., 10344 Sam Houston Park Drive, Suite 300, Houston Texas 77064.

(2) The number of shares beneficially owned by the directors, director nominees and executive officers listed in the table includes the following shares that may be acquired within 60 days of March 20, 2019 by exercise of stock options or vesting of restricted stock units: Mr. Gaut — 2,902,293; Ms. Angelle — 12,617; Mr. Carrig — 6,549; Mr. McShane — 28,786; Mr. Raspino — 6,179; Mr. Mercado — 148,987; Mr. McCulloch — 316,090; Mr. Danford — 190,222; Mr. Williams — 134,791; and Mr. Harris — 456,451 and all current executive officers and directors as a group — 3,470,602.

(3) The number of shares reported is as of February 26, 2019 and is based on a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on March 7, 2019. SCF-V, L.P. is the direct owner of 6,918,619 shares, SCF 2012A, L.P. is the direct owner of 1,941,403 shares, SCF-VI, L.P. is the direct owner of 4,046,515 shares, SCF 2012B, L.P. is the direct owner of 1,113,543 shares and SCF-VII, L.P. (together with SCF-V, L.P., SCF 2012A, L.P., SCF-VI, L.P., SCF 2012B, L.P., “SCF”) is the direct owner of 6,512,720 shares. L.E. Simmons, David Baldwin, Andrew Waite and Anthony DeLuca maintain shared voting and dispositive power for the shares beneficially owned by L.E. Simmons & Associates, Incorporated (“LESA”), the ultimate general partner of SCF, our largest shareholder. As a result, they may be deemed to beneficially own the common stock beneficially owned or deemed to be beneficially owned by SCF and may be deemed to have voting and investment control over the securities. Messrs. Simmons, Baldwin, Waite and DeLuca disclaim beneficial ownership of such shares.

(4) The number of shares reported is as of December 31, 2018 and is based on a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on February 11, 2019 by the Vanguard Group Inc. The Schedule 13G/A reports sole voting power for 75,455 shares of common stock, shared voting power for 18,195 shares of common stock, sole dispositive power for 7,006,594 shares of common stock and shared dispositive power for 87,950 shares of common stock.

(5) The number of shares reported is as of December 31, 2018 and is based on a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 8, 2019 by BlackRock Inc. The Schedule 13G reports sole

voting power for 5,726,680 shares of common stock, no shared voting power of common stock, sole dispositive power for 5,926,930 shares of common stock and no shared dispositive power of common stock.

The number of shares reported is as of December 31, 2018 and is based on a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 8, 2019 by Dimensional Fund Advisors LP. The Schedule 13G (6) reports sole voting power for 5,536,241 shares of common stock, no shared voting power for shares of common stock, sole dispositive power for 5,844,794 shares of common stock and no shared dispositive power for shares of common stock.

The number of shares reported is as of January 31, 2019 and is based on a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on January 31, 2019 by Q-GT (V) Investment Partners, LLC. The Schedule (7) 13G/A reports sole voting power for 5,787,933 shares of common stock, no shared voting power for shares of common stock, sole dispositive power for 5,787,933 shares of common stock and no shared dispositive power for shares of common stock.

(8) Includes 461,826 shares held in trusts, half of which are held for the benefit of Mr. Gaut and half of which are held for the benefit of his spouse. Mr. Gaut and his spouse no longer maintain a pecuniary interest in such shares.

(9) Includes 18,000 shares of common stock beneficially owned by Ms. Angelle's spouse.

Mr. Baldwin is the direct owner of 70,212 shares of common stock that were issued to him in connection with his service on our board of directors. 17,072 of such shares are subject to a one year vesting period measured from (10) February 15, 2019, the date of grant. Mr. Baldwin serves as Co-President of LESA and, as such, may be deemed to have voting and investment power over the shares of common stock owned by SCF. Mr. Baldwin disclaims beneficial ownership of such shares.

(11) Includes 18,000 shares held in trust for the benefit of Mr. Carrig's children. Mr. Carrig serves as trustee of the trust and disclaims beneficial ownership of the shares held by the trust.

Includes 86,524 shares of common stock that were issued to Mr. O'Toole in connection with his service on our board of directors. 33,384 of such shares are subject to a one year vesting period measured from February 15, 2019, the date of grant. In addition, Tincum FET, LLC ("Tincum FET") directly owns 2,666,666 shares of (12) common stock. The manager of Tincum FET is Tincum Lantern III L.L.C. ("Tincum Lantern III"). Mr. O'Toole is a co-managing member of Tincum Lantern III. As such, Mr. O'Toole may be deemed to have voting and investment power over Tincum's FET portfolio. Mr. O'Toole disclaims beneficial ownership of the shares held by Tincum FET.

Mr. Schmitz is the direct owner of 45,884 shares of common stock that were issued to him in connection with his (13) service on our board of directors. 33,384 of such shares are subject to a one year vesting period measured from February 15, 2019, the date of grant. The

remaining 2,190,041 shares of common stock are owned directly by B-29 Family Holdings, LLC, a Texas limited liability company (“B-29 Holdings”). Mr. Schmitz maintains a 90.69% membership interest in B-29 Holdings, which includes a 0.50% interest in B-29 Holdings directly held by each of Mr. Schmitz and Mr. Schmitz’s wife, and an 89.69% interest in B-29 Holdings indirectly held by Mr. Schmitz, but over which he maintains voting power. As such, Mr. Schmitz may be deemed to have voting and investment power over the shares of common stock owned by B-29 Holdings. Mr. Schmitz disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

(14) Mr. Waite serves as Co-President of LESA and, as such, may be deemed to have voting and investment power over the shares of common stock owned by SCF. Mr. Waite disclaims beneficial ownership of such shares.

PROPOSAL 1: ELECTION OF DIRECTORS

The board of directors comprises nine members. These nine members are divided into three classes with two members currently in Class I, three members in Class II and four members currently in Class III. The term of each Class I director will expire at the 2019 annual meeting. The term of each Class II director will expire at the annual meeting of stockholders to be held in 2020 and the term of each Class III director will expire at the annual meeting of stockholders to be held in 2021. In November 2018, Mr. Prady Iyyanki resigned as a director, and our board of directors resolved to decrease its size from ten to nine directors, effective upon Mr. Iyyanki's resignation. Our board of directors believes that this number of directors is appropriate for the Company's current revenue level and profitability.

Nominees for Election

The board of directors, upon the recommendation of the Governance Committee, has nominated for submission to the stockholders Messrs. C. Christopher Gaut, David C. Baldwin and Louis A. Raspino as Class I directors for a term of three years, each to serve until the annual meeting of stockholders in 2022 or until his successor is elected and qualified.

In 2018, Mr. Raspino was elected to serve as a Class III director until the annual meeting of stockholders in 2021. Pursuant to the Company's Certificate of Incorporation, if the number of directors is changed, any decrease must be apportioned so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. In order to apportion the board of directors' classes, Mr. Raspino is being nominated as a Class I director and, upon his election as such, he would cease to be a Class III director. In connection therewith, Mr. Raspino agreed on April 1, 2019 to resign as a Class III director if he receives the requisite number of votes from the Company's stockholders to be elected as a Class I director. If Mr. Raspino does not receive the requisite number of votes from the Company's stockholders, in accordance with the Company's Certificate of Incorporation, he will remain as a Class III director for the remainder of his term or until the appointment of his successor, or his earlier death, resignation, retirement, disqualification or removal.

If any of the nominees becomes unavailable for any reason, which is not anticipated, the board of directors, in its discretion, may designate a substitute nominee. If you have completed your proxy in favor of such unavailable nominee, your vote will be cast for the substitute nominee. Our board of directors has determined that Messrs. Baldwin and Raspino are "independent" as that term is defined by the applicable NYSE listing standards. Mr. Gaut is not independent given his position as our President and Chief Executive Officer.

Vote Required and Board Recommendation

If a quorum is present at the annual meeting, the three nominees receiving the greatest number of votes cast “FOR” will be elected as directors. Your board of directors unanimously recommends a vote “FOR ALL” of the aforementioned three director nominees.

DIRECTOR QUALIFICATIONS

Each of our directors brings a unique background and skill set to our board of directors, creating a diverse group of leaders with a breadth of experience in a variety of areas, including public company leadership, and financial, industry and operations expertise.

Skill / Qualification	Importance
Demonstrated Leadership - CEO, CFO, COO - Public Company Board	Directors with prior experience holding key leadership positions, particularly with public companies, provide us with unique insights. In addition, experience serving on other public company boards of directors is valuable. These people also generally possess leadership qualities and the ability to develop those attributes in others. Their experience developing talent and solving problems in large, complex organizations makes them a valuable asset to our board of directors.
Financial - Capital Markets - Mergers & Acquisitions - Audit & SEC Reporting	Accurate financial reporting and robust auditing are critical to maintain the trust of our stockholders. Five of our directors qualify as audit committee financial experts, if so designated, and all of our directors are financially literate.
Prior Industry Experience - Up-, Mid-, & Downstream - Services Company	Prior industry experience equips board members with an understanding of the risks and opportunities associated with different market factors affecting our business, and enhances their knowledge of regulations and key industry players we must consider. In addition, relevant industry experience improves our business strategy as we navigate complex market conditions.
Operations - Manufacturing - International	Directors having an awareness of the key factors affecting global manufacturing businesses, including cultural and regulatory hurdles, enhances the board's decisions and ability to oversee our strategic direction.

Summarized below is our board of directors' assessment of the number of its members who possess the above skills and competencies:

OUR DIRECTORS

Set forth below are the names of, and certain information as of March 20, 2019 with respect to, the three nominees for election as Class I directors and the other members of the board of directors.

Nominees Class I Directors

C. Christopher Gaut – Age: 62, Positions: President, Chief Executive Officer and Chairman of the Board

Mr. Gaut was appointed to serve as President and Chief Executive Officer of Forum in November 2018 and has served as Chairman of the Board since December 2017. Prior to that, from May 2017 to December 2017, he served as Executive Chairman of the Board, and as Chief Executive Officer from May 2016 to May 2017. From August 2010 to May 2016, he served as President, Chief Executive Officer and Chairman of the Board, and as one of our directors since December 2006. He served as a consultant to LESA from November 2009 to August 2010, and served as an industry advisor to LESA from May 2017 to November 2018. Mr. Gaut served at Halliburton Company, a leading diversified oilfield services company, as President of the Drilling and Evaluation Division and prior to that as Chief Financial Officer, from March 2003 through April 2009. From April 2009 through November 2009, Mr. Gaut was a private investor. Prior to joining Halliburton Company in 2003, Mr. Gaut was a Co-Chief Operating Officer of Ensco International, a provider of offshore contract drilling services. He also served as Ensco's Chief Financial Officer from 1988 until 2003. Mr. Gaut is currently a member of the board of directors of Ensco plc, the successor to Ensco International; and EOG Resources, Inc., an independent crude oil and natural gas company, and previously served as a director of Key Energy Services Inc., a well services provider.

The board of directors is nominating Mr. Gaut because of his experience as our chief executive officer; previous executive leadership roles with energy companies; operational and financial expertise in the oil and gas business; financial literacy and status as an audit committee financial expert; knowledge of the demands and expectations of our customers; and service as a board member of other public companies, which make him well qualified to continue to serve on our board of directors.

David C. Baldwin – Age: 56, Positions: Governance Committee, Member

Mr. Baldwin was appointed as a director of Forum in May 2005 and currently serves as a member of the Governance Committee. Mr. Baldwin is Co-President of LESA and has been an officer of that company since 1991. Prior to

joining LESA, Mr. Baldwin was a drilling and production engineer with Union Pacific Resources, an independent oil and natural gas exploration and production company. Mr. Baldwin serves as a director of Select Energy Services, Inc., a public energy services company; Nine Energy Service, Inc., a public energy services company; Frontier Tubular Solutions, a private energy services company; ProDirectional, Inc., a private energy services company; and served as a director of Complete Production Services, Inc., a provider of specialized oil and gas completion and production services.

The board of directors is nominating Mr. Baldwin because of his extensive experience in both identifying strategic growth trends in the energy industry and evaluating potential transactions and financial literacy. Further, his service as Co-President of LESA provides a valuable perspective into its insights and assessment of our performance.

Louis A. Raspino – Age: 66, Positions: Compensation Committee, Chairperson

Mr. Raspino was elected as a director of Forum in January 2012 and currently serves as the Chairperson of the Compensation Committee. He also currently serves as a director and an Audit Committee member of Tidewater, an owner and operator of offshore support vessels in the energy industry. In addition, he serves as a director and member of the Compensation and Audit Committees of American Bureau of Shipping, a private company. He served as Chairman of Clarion Offshore Partners, LLC, a Blackstone affiliate, from October 2015 to October 2017. Mr. Raspino has been a private investor and consultant from June 2011 to the present. Mr. Raspino was named President, Chief Executive Officer and a director of Pride International, Inc., a contract drilling company, in June 2005 and served in that capacity until its acquisition by Ensco plc in May 2011. He joined Pride International in December 2003 as Executive Vice President and Chief Financial Officer. From July 2001 until December 2003, he served as Senior Vice President, Finance and Chief Financial Officer of Grant Prideco, Inc. From February 1999 until March 2001, he held various senior financial positions, including Vice President of Finance for Halliburton Company. From October 1997 until July 1998, he was a Senior Vice President at Burlington Resources, Inc. From 1978, until its merger with Burlington Resources in 1997, he held a variety of positions of increasing responsibility at Louisiana Land and Exploration Company, most recently as Senior Vice President, Finance and Administration and Chief Financial Officer.

The board of directors is nominating Mr. Raspino because of his significant experience as an executive officer of other energy companies; service as a member of other boards of directors; operational, strategic and financial expertise in the oil and gas business; financial literacy and status as an audit committee financial expert, which make him well qualified to continue to serve on our board of directors.

Class II Directors

Evelyn M. Angelle – Age: 51, Positions: Audit Committee, Chairperson

Ms. Angelle was appointed as a director of Forum in February 2011 and currently serves as the Chairperson of the Audit Committee. Ms. Angelle also serves as a member of the board of directors and audit committee of STEP Energy Services, Ltd., an oilfield services company providing specialized coiled tubing, and associated pumping and support equipment. She served as Executive Vice President and Chief Financial Officer of BJ Services, a provider of North American land pressure pumping services, from January 2017 to November 2017. From November 2017 to the present, and from January 2015 to December 2016, Ms. Angelle has been a private investor and philanthropist. From January 2014 through January 2015, Ms. Angelle served as Senior Vice President – Supply Chain for Halliburton, responsible for global procurement, materials, logistics and manufacturing. From April 2003 to December 2013, Ms. Angelle served in various finance and accounting roles for Halliburton, including Senior Vice President and Chief Accounting Officer, and Vice President of Investor Relations. Before joining Halliburton in 2003, Ms. Angelle

worked for 15 years in the audit department of Ernst & Young LLP, where she specialized in serving large, multinational public companies and provided technical accounting and consultation to clients and other professionals. She is a certified public accountant in Texas and a certified management accountant. Ms. Angelle serves on various charitable organizations, including on the board of directors and on the executive committees of Junior Achievement of Southeast Texas and Junior Achievement USA.

As a result of her professional experience and her particular knowledge in financial, internal controls and public company disclosure compliance, Ms. Angelle is considered by our board of directors to be an audit committee financial expert. In addition, she brings to the board of directors added judgment about supply chain, investor relations and the financial management of large oilfield corporations.

John A. Carrig – Age: 67, Positions: Governance Committee, Chairperson; Audit Committee, Member

Mr. Carrig was appointed as a director of Forum in July 2011 and currently serves as the Chairperson of the Governance Committee and as a member of the Audit Committee. He retired from ConocoPhillips on March 1, 2011, having most recently served as President and Chief Operating Officer since 2008, where he was responsible for global Exploration and Production, Refining and Marketing, Commercial, Project Development and Procurement and the Health, Safety and Environment functions. Mr. Carrig served as Executive Vice President, Finance, and Chief Financial Officer from 2002 to 2008. Prior to the merger with Conoco Inc. in 2002, Mr. Carrig was with Phillips Petroleum Company, where he was named Senior Vice President and Chief Financial Officer in 2001. In 2000, he joined Phillips' management committee as Senior Vice President and Treasurer. From 1996 to 2000, he was Vice President and Treasurer. Mr. Carrig served as Treasurer in 1995 and Assistant Treasurer in 1994. He joined Phillips in 1978 as a tax attorney. He has been a private investor and engaged in charitable endeavors since his retirement from ConocoPhillips. Mr. Carrig serves on the board of directors of WPX Energy, Inc., an oil, natural gas and natural gas liquids producer.

The board of directors selected Mr. Carrig because of the length and breadth of his experience in the oil and gas industry, the perspective he brings as a result of his long service as an executive of a major public company with global reach, and his strategic, financial and management acumen. In addition, Mr. Carrig brings valuable insight as a result of his long history as a customer for oilfield equipment and services. As a result of his significant professional experience and particular knowledge in finance, accounting, treasury and tax, he is financially literate and considered by our board of directors to be an audit committee financial expert.

Andrew L. Waite – Age: 58, Positions: Governance Committee, Member

Mr. Waite was appointed as a director of Forum in August 2010 and currently serves as a member of the Governance Committee. Mr. Waite is Co-President of LESA, and has been an officer of that company since 1995. He was previously Vice President of Simmons & Company International, where he served from August 1993 to September 1995. From 1984 to 1991, Mr. Waite held a number of engineering and project management positions with the Royal Dutch/Shell Group, an integrated energy company. Mr. Waite currently serves on the board of directors of Nine Energy Service, Inc., a public energy services company; National Energy Services Reunited Corp., a publicly traded oilfield services company; and MPC Kinetic Holdings Limited, a private company providing services to the energy and resource industry. He also served on the board of directors of Complete Production Services, Inc., a provider of specialized oil and gas completion and production services, from 2000 to 2006, and Oil States International, Inc., a leading manufacturer of equipment for deepwater production facilities and subsea pipelines and a leading service provider to the oil and gas industry, from 1995 to 2006.

Mr. Waite's extensive experience in both identifying strategic growth trends in the energy industry and evaluating potential transactions and financial literacy makes him well qualified to serve on our board of directors. Further, his

service as Co-President of LESA provides a valuable perspective into its insights and assessment of our performance.

Class III Directors

Michael McShane – Age: 64, Positions: Lead Independent Director; Compensation Committee, Member

Mr. McShane was appointed as a director of Forum in September 2010 and currently serves as a member of the Compensation Committee and our Lead Independent Director. Mr. McShane also currently serves as an Operating Partner to Advent International, an international private equity fund. Mr. McShane was a director of Spectra Energy Corp, a natural gas infrastructure company, from April 2008 until February 2017; and has served as a director of Enbridge, Inc., an energy infrastructure company, following the completion of Enbridge's acquisition of Spectra Energy Corp in February 2017 until October 2018. He was also a director of Complete Production Services, Inc., a provider of specialized oil and gas completion and production services, from March 2007 until February 2012 and has served as a director of Superior Energy Services, Inc., a provider of specialized oilfield services and equipment, since the completion of Superior Energy Services' acquisition of Complete Production Services in February 2012. Mr. McShane has also been a director of Oasis Petroleum Inc., an exploration and production company, since May 2010. Mr. McShane is currently a director and Chairman of NCS Multistage, a provider of various downhole completion tools and technologies. Previously, Mr. McShane served as a director, and President and Chief Executive Officer, of Grant Prideco, Inc., a manufacturer and supplier of oilfield drill pipe and other drill stem products, from June 2002 until April 2008, having also served as Chairman of the Board from May 2003 through April 2008. Prior to joining Grant Prideco, Mr. McShane was Senior Vice President — Finance and Chief Financial Officer and director of BJ Services Company, a provider of pressure pumping, cementing, stimulation and coiled tubing services for oil and gas operators, from 1990 to June 2002, and Vice President — Finance from 1987 to 1990 while BJ Services was a division of Baker Hughes Incorporated. Mr. McShane joined BJ Services in 1987 from Reed Tool Company, where he was employed for seven years in various financial management positions.

The board of directors selected Mr. McShane because of his expansive knowledge of the oil and gas industry, as well as his relationships with chief executives and other senior management at oil and natural gas companies and oilfield service companies throughout the world. Mr. McShane is financially literate and is considered an audit committee financial expert. He brings to the board of directors his experience as a senior leader and chief financial officer within the oilfield services industry, as well as his leadership as chairman and chief executive officer of a leading North American drill bit technology and drill pipe manufacturer. In addition, Mr. McShane's service on the board of directors of other listed companies informs his ability to act as Lead Independent Director. Mr. McShane also provides the board of directors with a producer perspective that is valuable in strategic discussions.

Terence M. O'Toole – Age: 60, Positions: Compensation Committee, Member

Mr. O'Toole was appointed as a director of Forum in April 2012 and currently serves as a member of the Compensation Committee. Mr. O'Toole is the founder of Macanta Investments LLC and co-founder of Fremont

Macanta LLC, both private investment entities. He is a Vice President of Tincum Incorporated, the management company of each of Tincum L.P., Tincum Capital Partners II, L.P., and Tincum Capital Partners II Add-On, L.P. (and each of their affiliated partnerships), together all such partnerships referred to herein are the “Tincum Partnerships”. Prior to joining the Tincum Partnerships in January 2006, Mr. O’Toole spent twenty-one years at Goldman, Sachs & Co., where he was a partner, a member of the investment committee and the partnership committee, and the chief operating officer of the principal investment area. Mr. O’Toole is currently a member of the board of directors of various privately held companies in which Tincum has an investment, including Skyway Towers Holdings II LLC, a developer, owner and operator of wireless communications towers in the United States; F&W Media, Inc., a content and e-commerce company to enthusiast communities; Pontos Aqua Holdings, LLC, an aquaculture company; and Ashby Street Outdoor Holdings, LLC, an owner and operator of outdoor advertising structures, and Alegacy Equipment LLC, in which Fremont Macanta has an investment.

Mr. O’Toole’s experience in evaluating and completing numerous acquisitions, his extensive knowledge of financial markets and financial literacy make him well qualified to serve on our board of directors. In addition, Mr. O’Toole’s experience serving on the boards of directors of other companies provides him with exposure to a variety of governance practices and has proven valuable in board deliberations. Further, his service as Vice President of Tincum provides a valuable perspective into one of our stockholder’s insights and assessment of our performance.

John Schmitz – Age: 58, Positions: Audit Committee, Member

Mr. Schmitz was appointed as a director of Forum in September 2010 and currently serves as a member of the Audit Committee. Mr. Schmitz currently serves as the Executive Chairman of Select Energy Services, Inc., an oil and gas services company, a position he has held since November 2017. Prior to this, Mr. Schmitz served as Chairman and Chief Executive Officer of Select Energy Services, Inc., beginning in 2007. In addition to his Board service at Forum and Select Energy Services, Inc., Mr. Schmitz serves on the boards of Silver Creek Oil & Gas, LLC (the surviving entity of the merger of Alta Natural Resources, LLC and HEP Oil Company, Ltd.), CP Energy Holdings, LLC, and Endurance Lift Holdings, LLC, among others. Prior to his current involvement at Select Energy Services, Inc., Mr. Schmitz served as the North Texas Division Manager for Complete Production Services, Inc., a provider of specialized services and products focused on helping oil and gas companies develop hydrocarbon reserves, reduce costs and enhance production. Mr. Schmitz is also the President of Sunray Capital GP, LLC, a Texas limited liability company, the general partner of Sunray Capital, LP; President of B-29 GP, LLC, a Texas Limited Liability Company, the general partner of B-29 Investments, LP; and President of Schmitz and Schmitz Properties, Inc., the general partner of B-29 Family Holdings, LP.

Mr. Schmitz's keen insight into both emerging trends in North American shale plays and the types of equipment needed to service producers' requirements and financial literacy make him well qualified to serve on our board of directors. He also has knowledge of other manufacturers' capabilities and their reputations for quality and deliverability, providing a valuable perspective on our evaluation of potential acquisitions. Further, Mr. Schmitz's position with B-29 Family Holdings, L.P. provides a valuable perspective into one of our stockholder's insights and assessment of our performance.

DIRECTOR COMPENSATION

Generally

During 2018, our non-executive director compensation program consisted of an annual cash retainer and a value-based equity grant for all non-executive directors. We believe the cash retainer and annual equity awards provide us with an essential and valuable tool to ensure that the board of directors can recruit talented members and ensure that such directors' interests are aligned with our stockholders. The Compensation Committee periodically commissions Pearl Meyer & Partners, LLC ("Pearl Meyer"), its independent compensation consultant, to conduct a market-based director compensation study. In December 2017, the study prepared by Pearl Meyer indicated that total compensation for our directors was positioned below the applicable market median. It was Pearl Meyer's recommendation that the annual value-based equity grant be increased for each director to bring total compensation into alignment with the median. Following Pearl Meyer's recommendation and taking into account significantly improved market conditions over the course of 2017, and forecasts for 2018 at that time, the board of directors determined that future annual non-executive director incentive awards would be increased by \$25,000 to \$150,000. In December 2018, the study prepared by Pearl Meyer indicated that total non-executive director compensation was positioned competitively with the applicable market median. As a result, the Compensation Committee determined that it was appropriate not to recommend any changes to the existing level of non-employee director compensation.

Directors' fees

In 2018, all non-executive officer directors received an annual cash retainer of \$70,000. Mr. Prady Iyyanki did not receive an annual cash retainer or any other form of compensation for his service on the board of directors in 2018. The Chairperson of the Audit Committee received an additional annual cash retainer of \$20,000, and the other members of that committee received an additional annual cash retainer of \$10,000. The Chairperson of the Compensation Committee received an additional annual cash retainer of \$15,000, and the other members of that committee received an additional annual cash retainer of \$7,500. The Chairperson of the Governance Committee received an additional annual cash retainer of \$10,000, and the other members of that committee received an additional annual cash retainer of \$5,000. The Lead Independent Director received an additional annual cash retainer of \$20,000. In 2018, the Chairman of the Board received a \$120,000 annual cash retainer in addition to the \$70,000 retainer described above. We have not paid meeting fees to our directors. In 2019, in order to further align each director's interests with those of our other stockholders, each board member voluntarily declined the cash retainer portion of their compensation related to board service and instead elected to receive this compensation in the form of restricted stock or restricted stock units. Fees for service as Lead Independent Director or on committees will continue to be paid in cash.

In connection with Mr. Iyyanki's resignation as our President and Chief Executive Officer, and as a member of our board of directors on November 30, 2018, Mr. C. Christopher Gaut was appointed as President, Chief Executive Officer and Chairman of the Board. Following November 30, 2018, Mr. Gaut is no longer eligible to receive an annual

cash retainer for his service as Chairman of the Board given his employment as an executive officer. The elements of Mr. Gaut's compensation are provided in the Compensation, Discussion and Analysis section below.

Director equity-based compensation

Each non-executive director receives equity-based compensation in the form of restricted stock or restricted stock units. The form of award to a director is at the election of that director. Awards of restricted stock and restricted stock units for 2018 are more fully described in the table below. The annual award made in February 2018 totaled an amount equal to \$150,000 (rounded up to the nearest whole share), calculated based on the stock price at the close of trading on the grant date. The 2018 annual awards vested twelve months from the date of grant. A director may elect to defer settlement of restricted stock units, in which case such settlement will occur upon his or her termination from service or, if earlier, up to 10 years following the date of grant. As described above, in February 2019, our independent, non-employee members of the board of directors authorized an annual award of \$220,000 (rounded up to the nearest whole share) for non-executive directors calculated in the same manner and on the same terms as described above. In addition, in 2019, Messrs. Baldwin and Waite voluntarily agreed to take a 50% reduction in their total compensation and receive payment in the form of either restricted stock or restricted stock units.

The following table provides information on Forum's compensation for non-executive directors in 2018:

**Non-Executive Director Compensation for the year ended
December 31, 2018**

Name	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	Total (\$)
Evelyn M. Angelle	90,000	150,000	240,000
David C. Baldwin	75,000	150,000	225,000
John A. Carrig	90,000	150,000	240,000
C. Christopher Gaut ⁽³⁾	190,000	150,000	340,000
Michael McShane	97,500	150,000	247,500
Franklin Myers ⁽⁴⁾	20,000	—	20,000
Terence M. O'Toole	77,500	150,000	227,500
Louis A. Raspino	85,000	150,000	235,000
John Schmitz	80,000	150,000	230,000
Andrew L. Waite	75,000	150,000	225,000

Under the Deferred Compensation Plan, directors may elect to defer the annual cash retainer earned for their service as a member of the board of directors. Ms. Angelle elected to defer receipt of her 2018 director fees until the earlier of her separation from service as a director and 2028. Mr. Carrig elected to defer receipt of his 2018 (1) director fees over a five-year period beginning in the year of his separation from service as a director. Mr. Raspino elected to defer receipt of his 2018 director fees over a three-year period beginning in the year of his separation from service as a director. Mr. Iyyanki was not eligible to receive a cash retainer or committee fees given his position as an executive officer during 2018.

The amounts in the "Stock Awards" column represent the grant-date fair value in 2018 as determined in accordance with the FASB Accounting Standards Topic 718. On February 16, 2018, Ms. Angelle and Messrs. Carrig, Gaut and (2) Waite received grants of restricted stock units, and Messrs. Baldwin, McShane, O'Toole, Raspino and Schmitz received grants of restricted stock, each at the grant date price of \$12.00. For additional information, see Note 14 to our consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2018.

Until November 2018, Mr. Gaut served as a non-executive director and an advisor to the Chief Executive Officer. (3) Pursuant to an employment agreement with the Company, he was entitled to receive an annual base salary of \$160,000 in addition to his stock award and director fees.

(4) On March 15, 2018, Mr. Myers retired from service as a member of the board of directors.

As of December 31, 2018, the total number of shares of common stock subject to outstanding stock option awards and restricted stock or restricted stock unit awards held by each non-executive director is as follows:

Name	Option Awards	Restricted Stock Units/ Restricted Stock ⁽¹⁾
Evelyn M. Angelle	12,617	51,658
David C. Baldwin	—	12,500
John A. Carrig	6,549	51,658
Michael McShane	28,786	12,500
Terence M. O'Toole	—	32,505
Louis A. Raspino	6,179	12,500
John Schmitz	—	12,500
Andrew L. Waite	—	47,165

As of December 31, 2018, Ms. Angelle and Messrs. Carrig, O'Toole and Waite held vested long term incentive grants totaling 39,158, 39,158, 20,005 and 34,665 restricted stock units, respectively. Ms. Angelle has elected to defer settlement of the restricted stock units until the earlier of 10 years from the date of grant or her separation from service as a director. Messrs. O'Toole and Waite have elected to defer settlement of such restricted stock units (1) until each of their dates of separation from service as a director. Mr. Carrig, with respect to 20,005 restricted stock units, elected to defer settlement of the restricted stock units until the earlier of 10 years from the date of grant or his separation from service as a director, and with respect to 19,153 restricted stock units, elected to defer settlement of such restricted stock units until the date of his separation from service as a member of our board of directors.

Until November 2018, Mr. Gaut served as a non-executive director and advisor to the Chief Executive Officer. In (2) November 2018, he was appointed to serve as President, Chief Executive Officer and Chairman of the Board. For a summary of Mr. Gaut's shares of common stock subject to outstanding stock options awards, and restricted stock and restricted stock unit awards, please see "—Outstanding equity awards at 2018 fiscal year end".

Director deferred compensation

Non-executive directors are eligible to participate in our deferred compensation plan. The plan provides that a director may defer all or any portion of his or her annual incentive award and cash retainer paid for services as a director. All deferred cash amounts are credited with earnings through the date paid based on the rate selected by the Compensation Committee with a minimum return rate equal to the prime rate as published in the Wall Street Journal plus one percentage point. The interest rate on deferred compensation for 2018 was 7.0% per annum. Upon a "change in control event" within the meaning of Internal Revenue Code Section 409A, all account balances will be fully vested. A "Change in Control" under the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan (the "2016 Plan") would constitute a change in control event within the meaning of Internal Revenue Code Section 409A.

CORPORATE GOVERNANCE

We are committed to adhering to sound principles of ethical conduct and good corporate governance. We have adopted corporate governance policies and practices that are consistent with prevailing governance standards and many “best practices.”

Board of Directors. The board of directors is responsible for oversight of our business and affairs. To assist it in carrying out its duties, the board of directors has delegated certain authority to our Audit Committee, Compensation Committee and Governance Committee. The board of directors also delegated, and may in the future delegate, certain authority to other committees from time to time. During 2018, the board of directors held five meetings. Each director attended 100% of the total number of meetings of the board of directors and committee meetings on which he or she served. Directors are expected to attend all meetings of the board of directors and meetings of committees on which they serve, and to spend as much time and meet as frequently as necessary to properly discharge their responsibilities. In addition, directors are encouraged to attend annual meetings of our stockholders. All of our directors attended the annual meeting of stockholders in 2018.

Board Culture. The board of directors has established and continues to focus on developing a culture that results in the arrival at decisions through meaningful and fulsome discussion, where all views are considered and readily challenged. It is the belief of our board of directors that a strong culture affects all facets of the organization. The directors also hold management to the highest standards and challenge them to maximize shareholder value and ensure adherence to our Core Values.

Core Values. Our Core Values of No One Gets Hurt, Integrity, Customer Focus and Good Place to Work are the foundation of our Company’s culture. It is the belief of our board of directors and management that by adhering to these values we are able to protect the Company’s reputation and maximize stockholder value. Our Core Values inform the way we do business, establish the framework for our governance programs and dictate the way management is expected to interact internally and externally.

Code of Conduct. Our board of directors has adopted a Code of Conduct (the “Code of Conduct”), which applies to all of our directors, officers, employees and others working on Forum’s behalf. The Code of Conduct describes the responsibility of these individuals to comply with the legal and ethical requirements governing our business conduct, including:

Protecting our assets and those of our customers;

Fostering a safe and healthy work environment;

Dealing fairly with customers and other third parties;

Conducting international business properly;

Reporting misconduct; and

Guarding employees from harassment and retaliation.

The Code of Conduct is supplemented by our other corporate policies, including our Financial Code of Ethics, which sets forth the ethical principles by which our principal executive officer (“CEO”), principal financial officer (“CFO”), principal accounting officer (“CAO”), controllers and other senior financial and accounting officers are expected to conduct themselves when carrying out their duties and responsibilities.

Any waivers to our Code of Conduct or Financial Code of Ethics can only be made by the board of directors or a committee thereof. Any amendment to, or waiver from, a provision of the Code of Conduct or Financial Code of Ethics that (i) applies to our CEO, CFO, CAO, controllers or other persons performing similar functions to the foregoing, and (ii) relates to any element of the code of ethics definitions, as enumerated in Item 406(b) of SEC Regulation S-K will be posted on the Company’s website at www.f-e-t.com within four business days following the date of the amendment or waiver. There have been no waivers of the Code of Conduct or Financial Code of Ethics.

Employees, officers and directors are required to annually certify that they have read, understand and will comply with the Code of Conduct. The Code of Conduct and the Financial Code of Ethics are available on our website at www.f-e-t.com under “Corporate Governance” in the “Investors” section.

Stock Ownership Requirements. To further align the interests of the directors with the long-term interests of stockholders, our board of directors has adopted a Stock Ownership Requirements Policy that requires our non-executive directors to own shares equal to five times the annual base cash retainer in effect as of January 1 of each year. Each of our current directors meets the requirements set forth in the policy. All directors are expected to reach the requisite level of target ownership within five years of joining our board of directors in an individual capacity (other than pursuant to an agreement with a stockholder of the Company). Actual shares of stock, restricted stock, restricted stock units (including deferred stock units) and earned but unvested performance

shares are counted in satisfying the stock ownership guidelines. In addition, as described more fully in the Compensation Discussion & Analysis section under “Other practices, policies and guidelines,” our named executive officers are required to own specified amounts of our stock, set at a multiple of each such officer’s base annual salary. Each of our named executive officers currently satisfies the stock ownership requirements set forth in the policy. Given the significant amount of shares required to be held, we believe the policy is effective in aligning the interests of our directors, named executive officers and other key officers with those of our stockholders without imposing a minimum holding period or other requirement after vesting.

Corporate Governance Guidelines. The board of directors is committed to sound principles of corporate governance and has established Corporate Governance Guidelines (the “Corporate Governance Guidelines”) that it believes are consistent with our Core Values, and that assist the board of directors in effectively exercising its responsibilities. The Corporate Governance Guidelines provide a framework for our company’s governance and the board of director’s activities, covering such matters as director independence, director integration and continuing education, director responsibilities, director access to independent advisers and management, annual evaluations of the board of directors and its committees, and other corporate governance practices and principles. Our board of directors periodically, and at least annually, reviews and, as appropriate, revises the Corporate Governance Guidelines to ensure that they reflect the board of director’s corporate governance objectives and commitments. The Corporate Governance Guidelines are available on our website at www.f-e-t.com under “Corporate Governance” in the “Investors” section.

Eight of our nine directors are independent. Mr. Gaut does not qualify as an independent director given his service as our President and Chief Executive Officer.

Two directors have been formally designated by our board of directors as audit committee financial experts, five would qualify as such, if so designated, and all of our directors are financially literate.

We have five directors who have or are serving as a Chief Executive Officer and five directors who have served as a Chief Financial Officer of an energy company.

Director Independence. Our Corporate Governance Guidelines provide that a majority of the members of the board of directors and all of the members of the Audit Committee and the Compensation Committee must qualify as “independent directors” in accordance with the NYSE listing standards. In addition, it is the policy of the board of directors that all Audit Committee members also satisfy the criteria for independence under applicable provisions of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) and applicable SEC rules. No director is considered independent unless the board of directors affirmatively determines that he or she has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. The NYSE listing standards include objective tests that can disqualify a director from being treated as independent, as well as a subjective element, under which the board of directors must affirmatively determine that each independent director has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. The board of directors considers all facts and circumstances it deems relevant in making independence determinations.

Our board of directors has determined that eight of our current directors (Ms. Angelle and Messrs. Baldwin, Carrig, McShane, O'Toole, Raspino, Schmitz and Waite) qualify as "independent directors" in accordance with the listing standards of the NYSE and that each member of the Audit Committee and the Compensation Committee qualifies as "independent" under the Exchange Act and applicable SEC rules. Mr. Gaut does not qualify as independent given his service as our President and Chief Executive Officer.

In making its subjective determination that each such director is independent, the board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities as they may relate to our company and management. The board of directors considered the transactions in the context of the NYSE's objective listing standards, our Corporate Governance Guidelines, and the additional standards established for members of audit committees and compensation committees.

In connection with its determination as to the independence of Messrs. Baldwin and Waite, our board of directors considered the relationships between Forum and SCF and its affiliates. In addition, in connection with its determination as to the independence of Mr. Schmitz, our board of directors considered the relationships between us and companies affiliated with Mr. Schmitz. For a description of the agreements and transactions between us and each of SCF and its affiliates, and Mr. Schmitz's affiliates, please

see “Conflicts of Interest and Related Person Transactions.” Our board of directors believes that these transactions and relationships do not adversely affect Messrs. Baldwin’s, Schmitz’s or Waite’s ability or willingness to act in the best interests of Forum and its stockholders or otherwise compromise each such director’s independence. None of our directors serves as a director, executive officer or employee of a non-profit organization to which we made payments or contributions in excess of \$25,000 over the last three fiscal years.

Separation of Chairman and CEO Roles. Our bylaws give the board of directors the flexibility to determine whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separate. In November 2018, our board of directors elected to combine the roles of Chief Executive Officer and Chairman of the Board, both of which are held by Mr. Gaut. Prior to Mr. Iyyanki’s resignation as our Chief Executive Officer, Mr. Gaut served as Chairman of the Board and Mr. McShane served as our Lead Independent Director. Given the Company’s emphasis on reducing costs in line with revenue in order to maximize free cash flow, a significant area of focus among our stockholders, the board of directors believes that having Mr. Gaut fill both roles is the best leadership structure for us at this time. In addition, Mr. Gaut has a significant level of experience as a chief executive and board chairman. During periods in which the roles of Chairman of the Board and Chief Executive Officer are combined, our Corporate Governance Guidelines provide that there must be a Lead Independent Director. Mr. McShane is our Lead Independent Director, a position he has held since May 2017. As Lead Independent Director, he presides over the executive sessions of the non-management directors. Our board of directors believes that the appointment of a Lead Independent Director is a governance best practice, regardless of whether the roles of Chief Executive Officer and Chairman of the Board have been combined. As such, since the Company’s initial public offering in 2012, a Lead Independent Director has been appointed at all times.

Executive Sessions. The non-management directors meet regularly in executive session without management participation before and after regularly scheduled board of directors meetings. In addition, our Corporate Governance Guidelines provide that, if the group of non-management directors includes a director who is not independent under NYSE listing standards, the independent directors will meet in executive session at least once annually. As Lead Independent Director, Mr. McShane presides over these meetings of the independent directors. Our Corporate Governance Guidelines provide that, if the Lead Independent Director ceases to be independent, then the presiding director will be chosen by a vote of the non-management directors or independent directors, as the case may be. In 2018, our board of directors held at least one executive session at each of its regularly scheduled meetings.

Board’s Role in Risk Oversight. Our board of directors is actively involved in oversight of risks that could affect us and in ensuring that regular assessments of risk are a priority. This oversight function is conducted primarily through committees of our board of directors, but the full board of directors retains responsibility for general oversight of risks. The Audit Committee is charged with oversight of our system of internal controls and risks relating to financial reporting, regulatory and accounting compliance, and litigation. Our board of directors satisfies its oversight responsibility through full reports from the Audit Committee chairperson regarding the committee’s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks. Management has implemented an enterprise risk management process that includes over twenty key leaders within the organization and that is reviewed on an annual basis by the Audit Committee to ensure consistency of risk considerations in making business decisions. In addition, we have an independent internal audit department reporting directly to the Audit Committee that reviews adherence to established policies, procedures and accounting controls. The Compensation Committee also oversees risks related to our compensation programs and management retention

matters. The Governance Committee oversees the composition and leadership structure of the board of directors; corporate governance risks; our health, safety and environmental program; information technology matters, including our cybersecurity program; and our overall risk management framework.

Accounting and Auditing Concerns. The Audit Committee has established procedures to receive, retain and treat complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Communication with the Board. Stockholders and other interested parties may make their concerns known confidentially to the board of directors or the non-management directors by submitting a communication in an envelope addressed to the “Board of Directors,” a specifically named non-management director or the “Non-Management Directors” as a group, in care of: John C. Ivascu, Senior Vice President, General Counsel and Secretary, 10344 Sam Houston Park Drive, Houston, Texas 77064. All such communications will be conveyed, as applicable, to the Chairman of the Board, the full board of directors, the specified non-management director or the non-management directors as a group, as applicable.

Environmental and Social Commitment.

Environmental: In addition to receiving regular reports regarding the Company’s overall safety performance and the actions being taken to achieve the highest level of safety for our employees and customers, the Governance Committee oversees the Company’s environmental programs and policies. We believe our environmental programs and policies are appropriate for our size, maturity as a publicly traded company and current market conditions. We are continuously assessing the size and adequacy of our

environmental program. In 2018, we allocated additional resources to ensure a greater level of focus on the improvement of our environmental initiatives. Through these additional resources, we intend to focus on the Company's carbon footprint and continued environmental compliance in jurisdictions where we operate.

Social: The safety of our employees and customers is our first priority. It is our goal to ensure that “No One Gets Hurt,” one of our Core Values. Each of our employees is empowered to request a “Stop Work” in the event that they observe an unsafe working environment. Since our initial public offering in 2012, we have achieved a steady decrease in our total recordable incident rate by setting aggressive targets and holding our fellow employees to a high standard. In order to further enhance our safety program, we initiated a system to track near-misses and first-aid incidents. In addition, we continue to include safety as a performance measure in our short-term incentive plan in order to further incentivize safe conduct. In 2019, the target Total Recorded Incidence Rate (“TRIR”) under our short-term incentive plan is 1.0. Through our focus in this area, our TRIR has decreased by 58% since our initial public offering.

We are also focused on creating value for our stockholders through our commitment to the communities in which we operate. In 2018, Forum and its employees contributed to numerous charitable and community initiatives, and our employees volunteered in numerous community service projects and activities. On a national level, we are supporters of the American Heart Association. Through various company sponsored charity events, in 2018 we were among the top five contributors to the American Heart Association among companies located in the Houston, Texas area. On a local level, Forum is a participant in programs offered by Junior Achievement of Southeast Texas, in order to help foster work-readiness, entrepreneurship and financial literacy in school-aged children.

Furthermore, we are committed to the professional growth of our employees. Through the Company's succession planning program, our board of directors periodically receives a report regarding the development of high potential employees and actions that are being taken to further their professional development. Our Chief Financial Officer and General Counsel positions are occupied by executives who were mentored by our named executive officers. In addition, through the Company's Women's Initiative (“WIN”), special focus is given to the development of women in the energy industry. WIN provides members of our executive team an opportunity to act as mentors to women colleagues and provide career support.

Conflict Minerals Policy. Our Conflict Minerals Policy (the “Conflict Minerals Policy”) is another part of our commitment to being a responsible corporate citizen and complying with SEC regulations requiring publicly traded companies to file annual reports disclosing certain “conflict minerals” (defined as tin, tungsten, tantalum and gold, or their derivatives) that originate from the Democratic Republic of Congo and its adjoining countries and that are necessary to the functionality of products we manufacture or contract to manufacture. We are committed to the responsible sourcing of materials, products and components and to exercising diligence over our sourcing practices so as not to support human rights abuses. We have taken steps to establish a due diligence framework and compliance program and have implemented the Conflict Minerals Policy across the Company. We also communicate to our

suppliers our expectation that they will cooperate with our efforts in this area. A copy of the Conflict Minerals Policy is available on our website at www.f-e-t.com under “Corporate Governance” in the “Investor” section.

UK Anti-Slavery and Human Trafficking Policy. We are focused on the ethical procurement of products and materials through our supply chain management program. We are establishing a supplier on-boarding process that largely relates to supplier quality and performance requirements, and implements a risk-based approach to confirm compliance with our ethical standards. This process is intended to ensure that our suppliers do not engage in unethical conduct, including human trafficking and modern slavery.

Stockholder Engagement and Investor Outreach. Through the year, we meet with analysts and institutional investors to inform and share our perspective, and to solicit their feedback on our performance. This includes participation in investor conferences and other formal events, and group and one-on-one meetings throughout the year.

Organization of the Committees of the Board of Directors

Audit Committee. The Audit Committee currently consists of Ms. Evelyn M. Angelle (Chairperson) and Messrs. John A. Carrig and John Schmitz. The board of directors has determined that Ms. Angelle and Mr. Carrig are each an “audit committee financial expert” as defined by applicable SEC rules. The Audit Committee’s purposes are to assist the board of directors with overseeing:

The integrity of our financial statements;

Our compliance with legal and regulatory requirements;

The qualifications, independence and performance of our independent auditors; and

The effectiveness and performance of our internal audit function.

The Audit Committee held eight meetings during 2018. The board of directors has adopted a written charter for the Audit Committee, which is available on our website at www.f-e-t.com as described above.

Compensation Committee. The Compensation Committee currently consists of Messrs. Louis A. Raspino (Chairperson), Michael McShane and Terence M. O’Toole. Each of Messrs. Raspino, McShane and O’Toole is a “non-employee director” as defined under Rule 16b-3 of the Exchange Act. The purposes of the Compensation Committee are, among others, to:

Review, evaluate and approve our agreements, plans, policies and programs to compensate our corporate officers and directors;

Review and discuss with our management the matters reported in the Compensation Discussion and Analysis included in this proxy statement, in accordance with applicable rules and regulations; and

Perform such other functions as the board of directors may assign to the Compensation Committee from time to time.

The Compensation Committee held four meetings during 2018. The board of directors has adopted a written charter for the Compensation Committee, which is available on our website at www.f-e-t.com as described above.

Governance Committee. The Governance Committee currently consists of Messrs. John A. Carrig (Chairperson), David C. Baldwin and Andrew L. Waite. The purposes of the Governance Committee are, among others, to:

Advise the board of directors and make recommendations regarding appropriate corporate governance practices, and assist the board of directors in implementing those practices;

Assist the board of directors by identifying individuals qualified to become members of the board of directors, and recommending director nominees to the board of directors;

Advise the board of directors about the appropriate composition of the board of directors and its committees; and

Perform such other functions as the board of directors may assign to the Governance Committee from time to time.

The Governance Committee held three meetings during 2018. The board of directors has adopted a written charter for the Governance Committee, which is available on our website at www.f-e-t.com as described above.

Although the board of directors does not have a formal diversity policy, the Governance Committee, when assessing the qualifications of prospective nominees to the board of directors, considers diversity in its broadest sense, including persons diverse in perspectives, personal and professional experiences, geography, gender, race and ethnicity.

Each nominee's personal and professional integrity, experience, skills, ability and willingness to devote the time and effort necessary to be an effective board member, and commitment to acting in the Company's best interests and our stockholders, are also factors.

The Governance Committee will consider director candidates recommended by stockholders. If a stockholder wishes to recommend a director for nomination by the Governance Committee, the stockholder should submit the recommendation in writing to the Chairperson, Governance Committee, in care of John C. Ivascu, Senior Vice President, General Counsel and Secretary, 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064. The recommendation should contain the following information:

The name, age, business address and residence address of the nominee and the name and address of the stockholder making the nomination;

The principal occupation or employment of the nominee;

The number of shares of each class or series of our capital stock beneficially owned by the nominee and the stockholder and the period for which those shares have been owned; and

Any other information the stockholder may deem relevant to the committee's evaluation.

Candidates recommended by stockholders are evaluated on the same basis as candidates recommended by our directors, executive officers, third-party search firms or other sources.

Compensation Committee Interlocks and Insider Participation. During the fiscal year ended December 31, 2018, none of our executive officers served as (1) a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee, (2) a director of another entity, one of whose executive officers served on our Compensation Committee or (3) a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our directors. In addition, none of the members of our Compensation Committee (1) was an officer or employee of Forum during 2018, (2) was formerly an officer of the Company, or (3) had any relationship requiring disclosure under any paragraph of Item 404 of Regulation S-K.

CONFLICTS OF INTEREST AND RELATED PERSON TRANSACTIONS

Procedures for approval of related person transactions

A “related person transaction” is a transaction, arrangement or relationship in which we or any of our subsidiaries was, is or will be a participant, the amount of which involved exceeds \$120,000, and in which any related person had, has or will have a direct or indirect material interest. A “related person” means:

Any person who is, or at any time during the applicable period was, one of our executive officers or one of our directors;

Any person who is known by us to be the beneficial owner of more than 5% of our common stock;

Any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5% of our common stock and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5% of our common stock; and

Any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

Our board of directors has adopted a written related person transactions policy, pursuant to which the Audit Committee reviews all material facts of all related party transactions and either approves or disapproves entry into the transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a related party transaction, the Audit Committee takes into account, among other factors, the following: (1) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, (2) the extent of the related person’s interest in the transaction and (3) whether the transaction is material to us.

SCF Registration Rights Agreement

Demand Registration Rights. Under the Registration Rights Agreement dated August 2, 2010 we entered into with SCF (as amended to date, the “Registration Rights Agreement”), SCF currently has the right to demand on four occasions that we register with the SEC all or any portion of SCF’s Registrable Securities (as such term is defined in the Registration Rights Agreement) so long as the Registrable Securities proposed to be sold on an individual registration statement have an aggregate gross offering price of at least \$20 million (or at least \$10 million if we are then eligible to register such sale on a Form S-3 registration statement (or any comparable or successor form) (a “Demand Registration”). Holders of SCF’s Registrable Securities may not require us to effect more than one Demand Registration in any six-month period. Any demand request by SCF with a reasonably anticipated aggregate offering price of \$100 million may be for a “shelf” registration statement pursuant to Rule 415 under the U.S. Securities Act of 1933 (the “Securities Act”); provided that any such “shelf” registration statement demand request will count as two demand requests.

Piggyback Registration Rights. If we propose to file a registration statement under the Securities Act, relating to an offering of our common stock (other than a registration statement filed relating to securities offered in connection with benefit plans or acquisitions or any registration statement filed in connection with an exchange offer or offering solely to our stockholders), holders of Registrable Securities can request that we include in such registration, and any related underwriting, all or a portion of their Registrable Securities.

Holdback Agreements. Each holder of Registrable Securities is subject to certain lock-up provisions that restrict transfer during the period beginning 14 days prior to, and continuing for a period not to exceed 90 days from any underwritten public offering of our equity securities, except as part of such registration (subject to an extension of such lock-up period in certain circumstances).

Registration Procedures and Expenses. The Registration Rights Agreement contains customary procedures relating to underwritten offerings and the filing of registration statements. We have agreed to pay all registration expenses incurred in connection with any registration. All underwriting discounts and selling commissions and stock transfer taxes applicable to securities registered by holders and fees of counsel to any such holder (other than as described above) will be payable by holders of Registrable Securities.

Indemnification and Contribution. The Registration Rights Agreement also contains customary indemnification and contribution provisions by us for the benefit of holders participating in any registration. Each holder participating in any registration agrees to indemnify us in respect of information provided by such holder to us for use in connection with such registration; provided that such indemnification will be limited to the net proceeds actually received by such indemnifying holder from the sale of Registrable Securities.

Tinicum Registration Rights Agreement

Concurrently with our initial public offering, we issued 2,666,666 shares of our common stock at the public offering price less the underwriting discount in a private placement to Tinicum. In connection with the private placement, Tinicum obtained piggyback registration rights on the same terms described above with respect to SCF.

Transactions with our significant stockholders, directors and officers

During 2018, a subsidiary of Forum sold certain products and equipment to Nine Energy Service, Inc., and Forum recognized revenue in an amount totaling approximately \$10.4 million. SCF owns a majority interest in Nine Energy Service, and Messrs. David C. Baldwin and Andrew L. Waite are Co-President of LESA, the ultimate general partner of SCF. These sales were made based on arms-length terms between the parties and represent less than 1% of the consolidated gross revenues for 2018 for Forum and approximately 1% of Nine Energy Service's 2018 consolidated gross revenues.

Also during 2018, a subsidiary of Forum purchased products from a subsidiary of Endurance Lift Holdings, LLC in an amount totaling in the aggregate approximately \$0.14 million and sold equipment to Axis Energy Services, LLC in an amount totaling in the aggregate approximately \$2.4 million. Mr. Schmitz is a member of the board of managers of Endurance Lift Holdings, LLC and a member of the board of directors of Axis Energy Services, LLC. These sales and purchases were made on arms-length terms between the parties and represent less than 1% of the consolidated gross revenues for 2018 for Forum and Endurance Lift Holdings, LLC.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and beneficial owners of more than ten percent of any class of equity securities to file initial reports of ownership and reports of changes in ownership of our common stock with the SEC and, pursuant to rules promulgated under Section 16(a), such individuals are required to

furnish us with copies of Section 16(a) reports they file. Based solely on a review of the copies of such reports furnished to us during the year ended December 31, 2018 and written representations from our officers and directors, all Section 16(a) reports applicable to our officers and directors and any beneficial owners of ten percent or more of a class of equity securities were filed on a timely basis.

PROPOSAL 2: ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION

Five consecutive years with an approval rating for the “Say-on- Pay” vote in excess of 90%.

Over 80% of our Chief Executive Officer’s target compensation is variable and dependent upon annual financial and operational performance or tied to stock price.

In accordance with Section 14A of the Exchange Act and the related rules of the SEC, we are providing our stockholders with the opportunity to approve, on a non-binding, advisory basis, the compensation of our named executive officers. This item, commonly referred to as a “say-on-pay” vote, provides you, as a stockholder, the opportunity to express your views regarding the compensation of our named executive officers as disclosed in this proxy statement.

Our executive compensation program is designed to attract, motivate and retain our named executive officers, who are critical to our success. Under our program, our named executive officers are rewarded for strong corporate performance, the achievement of annual goals and the realization of increased stockholder value. Please read “Compensation Discussion and Analysis” and “Executive Compensation” for additional details about our executive compensation programs, including information about the fiscal year 2018 compensation of our named executive officers.

The Compensation Committee continually reviews the compensation program for our named executive officers to ensure the program achieves the desired goals of aligning our executive compensation structure with our stockholders’ interests and current market practices. We believe our executive compensation program achieves the following objectives:

Motivate our executives to achieve key safety, operating, and financial performance goals that enhance long-term stockholder value;

Reward outstanding performance in achieving these goals without subjecting us to excessive or unnecessary risk; and

Establish and maintain a competitive executive compensation program that enables us to attract, motivate and retain experienced and highly capable executives who will contribute to our long-term success.

We are asking our stockholders to indicate their support for our named executive officers’ compensation as described in this proxy statement and ask that our stockholders approve the following non-binding resolution at the annual meeting:

“RESOLVED, that the stockholders of Forum Energy Technologies, Inc. (the “Company”) approve, on a non-binding, advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the other narrative discussion in the proxy statement for the 2019 Annual Meeting of Stockholders of the Company.”

As an advisory resolution, our stockholders’ vote on this proposal is not binding on the board of directors or us. The board of directors could, if it concluded it was in our best interests to do so, choose not to follow or address the outcome of the advisory resolution. Decisions regarding the compensation and benefits of our named executive officers remain with our board of directors and the Compensation Committee. We expect, however, that our Compensation Committee will review the voting results on this proposal and give consideration to the outcome when making future decisions regarding compensation of our named executive officers.

Vote Required and Board Recommendation

Approval of the proposal requires the affirmative vote of at least a majority of the shares of our common stock present in person or by proxy at the meeting and entitled to vote. **Your board of directors recommends a vote “FOR” the approval of the advisory resolution on executive compensation.**

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This compensation discussion and analysis, or CD&A, provides information about our compensation objectives and policies for the executives who served as our principal executive officer, our principal financial officer and each of the next three most highly compensated executive officers who were serving as such on December 31, 2018, and is intended to place in perspective the information contained in the executive compensation tables that follow this discussion.

Throughout this discussion, the following individuals are referred to as the “NEOs” and are included in the Summary Compensation Table:

C. Christopher Gaut — President, Chief Executive Officer and Chairman of the Board

Prady Iyyanki — Former President and Chief Executive Officer

Pablo G. Mercado — Senior Vice President, Chief Financial Officer and Treasurer

James W. Harris — Former Chief Financial Officer

James L. McCulloch — Chief Compliance Officer and Special Advisor to the CEO (former General Counsel)

D. Lyle Williams — Senior Vice President, Operations

Michael D. Danford — Senior Vice President, Human Resources

Leadership Succession

In March 2018, Mr. Pablo G. Mercado was appointed as Senior Vice President and Chief Financial Officer, succeeding Mr. James W. Harris. At that time, Mr. Harris transitioned from service as Chief Financial Officer to Executive Vice President – Drilling and Subsea. On July 31, 2018, Mr. Harris entered into a Retirement Agreement with us, which is more fully described below. Effective November 30, 2018, Mr. C. Christopher Gaut was appointed as President, Chief Executive Officer and Chairman of the Board. Mr. Gaut succeeded Mr. Prady Iyyanki, who resigned as President and Chief Executive Officer and as a member of our board of directors on November 30, 2018. On December 6, 2018, Mr. Iyyanki entered into a Separation Agreement, which is more fully described below. On February 14, 2019, Mr. McCulloch announced his desire to retire from his position as an executive officer of the Company. He then was appointed to serve as Chief Compliance Officer and Special Advisor to the Chief Executive Officer on February 15, 2019. Disclosure relating to both Messrs. Gaut and Iyyanki is included in light of their service as the Company's principal executive officer during 2018, and disclosure relating to both Messrs. Mercado and Harris is included in light of their service as the Company's principal financial officer during 2018.

Business Highlights

We have adopted an executive compensation program that is designed to attract and retain talented executive officers, and align their interests with those of our stockholders over the long term, taking into account the volatile markets in which we do business. In addition to holding management accountable for accomplishing financial results, we insist on the highest standards of ethical conduct and operational safety, which we believe will position us for long-term success.

In 2018, we accomplished the following under the direction of management:

Generated strong growth in revenue and EBITDA; led by our Completions segment, we increased revenue, EBITDA and EBITDA margins by approximately 30%, 231% and 550 basis points, respectively, compared to 2017 (see Appendix A for a reconciliation of non-GAAP measures);

Maintained a strong financial liquidity position with approximately \$47 million of cash on hand and approximately \$167 million available under our credit facility at year end;

Strengthened our Completions segment through acquisitions of Houston Global Heat Transfer, LLC and assets of ESP Completions Technologies LLC; and

Achieved a company record TRIR of 1.03, maintaining strong safety performance through the continued institution of programs aimed at protecting our employees and consultants.

Compensation Highlights

With respect to our 2018 compensation programs, the Compensation Committee took several key actions impacting our NEOs, including the following:

Approved market-based increases in compensation; despite these increases, total compensation continues to be substantially below market median;

Performance awards tied to our total shareholder return, and constituting one-third of each NEO's long-term incentive compensation, paid out at zero;

Established challenging 2018 non-equity incentive plan performance objectives, which paid out at 48.3% of target; and

Continued the suspension of deferred compensation plan matching contributions.

Advisory Vote on Executive Compensation and Shareholder Outreach

At our 2018 annual meeting of stockholders, we received support in favor of our executive compensation plan of approximately 91%. Our Compensation Committee believes this affirms stockholders' continued approval of the Company's approach to executive compensation.

The Compensation Committee values stockholders' input on the design of our executive compensation program. The Compensation Committee also believes that our programs are structured to deliver pay that is commensurate with performance. Plan and performance-based equity awards can generate a range of payouts based on the attainment of established goals, thus holding management accountable for producing profitable growth and creating value for our stockholders.

Based upon the strong level of stockholder support for our programs expressed through our 2018 vote, and the views of our Compensation Committee on our current approach to executive compensation, we did not make any significant structural or philosophical changes to our programs.

Compensation and Governance Highlights

We believe that our pay practices reflect good compensation, governance and market practice. To support our compensation and governance philosophy, we adopted the following practices:

What We Do:

+ Emphasis on Variable Compensation.

Over 80% of CEO compensation and over 70% of compensation for our other NEOs is variable and dependent upon annual financial and operational performance or tied to stock price.

+ 50% of CEO Equity Value Performance-Based.

Starting with his November 2018 equity award, 50% of our CEO's equity incentive opportunity is contingent upon our three-year TSR performance relative to peers.

+ Challenging Stock Ownership Requirements.

Our NEOs and non-employee directors have specific minimum ownership obligations, including a requirement that our CEO must hold equity with a value greater than or equal to 6x his base salary.

+ Clawbacks.

Incentive compensation under our Amended 2016 Stock and Incentive Plan ("Amended 2016 Plan"), including any cash bonus or cash incentive award program of the Company, to our executive officers is subject to clawback in the event that our financial statements are required to be restated.

What We Don't Do:

— Anti-Hedging/Pledging.

Our Insider Trading Policy specifically prohibits directors, officers and employees, including our NEOs, from entering into hedging type transactions in our stock or pledging our stock.

— No Excise Tax Gross-Ups for Existing or Future Employment Agreements.

As a matter of company policy, excise tax gross ups are not included in employment agreements or severance agreements.

— No Guaranteed NEO Bonuses.

Consistent with our philosophy of placing the majority of executive compensation "at risk," non-equity incentives are awarded only after achievement of pre-determined safety, financial, operational or individual objectives.

— No Perquisites.

We do not provide any perquisites to our NEOs that are not also offered to all employees of the Company.

What We Do:

+ Annual Compensation Risk Assessment.

In order to ensure that our programs are designed in a manner to motivate strong performance without encouraging excessive and unnecessary risk-taking, we conduct annual assessments led by the Committee's independent compensation consultant.

+ Independent Compensation Consultant.

The Compensation Committee engages an independent advisor on topics related to board of director and executive compensation, and annually requires formal certification from the advisor of its independence.

What We Don't Do:

— No Repricing.

Our plans do not allow for repricing or cash buyout of underwater stock options without shareholder approval.

— Award Timing.

We do not time the release of material, nonpublic information for the purpose of affecting the value of executive compensation, and we do not grant options with a grant date prior to the date that the grant is approved.

Key Components of our Compensation Philosophy

Our overall compensation philosophy is to provide competitive pay that rewards strong corporate performance over the longer-term, in alignment with stockholder interests. Our philosophy in respect of cash compensation is that target total cash should be at or near the market median. Base salaries will typically be set below the market median while our annual incentive award targets are designed to be above the market median. The result of this design is to provide our executives the opportunity to earn cash compensation at or near the market median in a year in which our performance has met our target goals. We believe that this philosophy provides a strong incentive for our executives to achieve our annual corporate goals.

During 2018, in granting our annual equity awards, we considered the competitive market level for awards, as well as each individual's experience level and performance, when determining the appropriate amount of equity to grant. We believe that long-term, variable compensation should account for a significant portion of total compensation. Our objective is to be a high growth, high performing oilfield products company and we therefore have linked a significant portion of our executives' compensation to the long-term interests of our stockholders through the issuance of performance-based shares using relative total stockholder return, or "TSR," as our measure, stock options, and restricted stock units or restricted stock. We anticipate that the capital accumulation opportunities resulting from our long-term grants will be at or above the market median and will represent a significant portion of total compensation to each NEO.

The charts below illustrate our emphasis on incentivizing our executives through long-term, variable compensation awards. Over 80% of the Chief Executive Officer's and over 70% of our other NEOs' target compensation is impacted by the Company's performance.

50% of the Chief Executive Officer's 2018 long-term incentive grant was in the form of performance-based units. Prior to his appointment as our Chief Executive Officer in November 2018, Mr. Gaut received \$150,000 in time-vested restricted stock units for his service as a non-executive officer director. Given that those restricted stock units were not granted to him in his capacity as a Chief Executive Officer, they are not included in his targeted pay mix for the year.

Elements of Our Executive Compensation Program

Material elements of total direct compensation for 2018 for NEOs are listed below, together with the objectives that we believe each element supports.

Elements

Objectives

Base Salary

A fixed annual cash salary paid to the executive

Provide a competitive fixed payment to the executive for his or her service, experience and skills; set at a reasonable level that allows us to attract and retain top talent

Annual Cash Incentive Opportunity

The ability to earn a cash bonus, payable following the end of the year, based upon our achievement of established EBITDA, inventory turns, safety goals and personal performance objectives set for the year

Align the compensation of executives with our annual financial and non-financial performance and achievement of EBITDA, inventory turns, safety and personal performance objectives

Reward the executive for achievement of performance objectives for the year

Equity Grants (composed of three elements)

Performance Shares vesting in the form of common stock based upon the achievement of relative TSR targets over a one-, two-, and three-year performance period

Align the compensation of executives with our financial performance by linking the award directly to our stock price performance over the long term relative to our peers

Restricted Stock Units vesting equally over four years

Reward for retention and increases in stock price over the long term; conserves shares available for grant under the 2016 Plan

Stock Options vesting equally over four years and granted with an exercise price equal to the fair market value of the common stock on the grant date. In order to manage their dilutive effect, stock options have been eliminated from NEO long-term incentive awards in 2019

Provide strong retention value over the long-term focusing on sustained delivery of favorable financial performance, which in turn should similarly impact stock price appreciation; strong alignment with shareholder interests

Other elements of executive compensation, which are designed to be market-competitive and are necessary to attract and retain key talent include retirement benefits, comprising deferred compensation and participation in our 401(k) Plan, and severance benefits.

Compensation Methodology and Process

The process established for determining executive compensation for each of the NEOs includes open discussions among the Compensation Committee, its compensation consultant, the CEO and the board of directors.

Role of Management in Setting Compensation

Our CEO is consulted in the Compensation Committee's determination of compensation matters related to the executive officers reporting directly to the CEO. Each year, the CEO makes recommendations to the Compensation Committee regarding such components as salary adjustments, target annual incentive opportunities and the value of long-term incentive awards. In making recommendations, the CEO considers such components as experience level, individual performance, overall contribution to company performance and market data for similar positions. The Compensation Committee takes the CEO's recommendations under advisement, but the Compensation Committee makes all final decisions regarding such individual compensation. Our CEO's compensation is reviewed and discussed by the Compensation Committee, which then makes recommendations regarding his compensation to the independent members of our board of directors, led by the Lead Independent Director, as applicable. Our board of directors ultimately makes decisions regarding the CEO's compensation.

Our CEO attends all Compensation Committee meetings and is excused from any meeting when the Compensation Committee deems it advisable to meet in executive session or when the Compensation Committee meets to discuss items that would impact the CEO's compensation. The Compensation Committee may also consult other employees, including other NEOs, when making compensation decisions, but the Compensation Committee is under no obligation to involve the NEOs in its decision-making process.

Role of the Compensation Committee in Setting Compensation

The Compensation Committee is, under its charter, responsible for designing, implementing and administering our executive compensation programs and, in doing so, the Compensation Committee is guided by the compensation philosophy stated above.

On an annual basis the Compensation Committee reviews and approves total compensation for our executive officers, and recommends CEO compensation to the independent members of our board of directors through a process including:

Selecting and engaging an external, independent consultant;

Meeting separately from management with its independent consultant;

Reviewing and selecting companies to be included in our peer groups;

Reviewing plans and related compensation programs for the presence of any risk elements;

Reviewing market data and trends on all major elements of executive compensation; and

Reviewing performance results against operating plans and incentive plan targets.

A complete listing of our Compensation Committee's responsibilities is included in its charter, which is available for review on our corporate website at www.f-e-t.com under "Corporate Governance" in the "Investor" section.

Role of the Compensation Consultant in Setting Compensation

The Compensation Committee has engaged the services of Pearl Meyer as its independent executive compensation consultant. Pearl Meyer operates exclusively as a compensation consultant and has more than twenty years of experience as an organization. Many of its senior consultants have experience of longer than thirty years. It serves a large number of companies and compensation committees in the energy industry and, as a result, it maintains an extensive compensation database that it uses to supplement information obtained from publicly available sources. Certain of the Compensation Committee members have worked with representatives of Pearl Meyer in the past and value the firm's collective knowledge and capabilities, and its ability to develop compensation programs that incentivize executives and align performance with company strategies and stockholders' interests. The Compensation Committee selected Pearl Meyer on the basis of its reputation, capabilities and experience.

Pearl Meyer's current role is to advise the Compensation Committee on matters relating to executive compensation to help guide, develop and implement our executive compensation programs. Pearl Meyer reports directly to the Compensation Committee. Pearl Meyer may perform work for Forum outside of the scope of its engagement by the Compensation Committee, but the committee reviews and approves all such assignments to ensure that the independence of its compensation consultant is not compromised. In 2018, the Company did not pay Pearl Meyer for any services outside the scope of the Compensation Committee's engagement. The Compensation Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. The Compensation Committee conducted a review of its relationship with Pearl Meyer in 2018 and determined that Pearl Meyer's work for the Compensation Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act, and SEC and NYSE rules and regulations. In making this determination, the Compensation Committee considered that during 2018:

Pearl Meyer did not provide any services to the Company or management other than services requested by or with the approval of the Compensation Committee, and its services were limited to executive and director compensation consulting;

The Compensation Committee meets regularly in executive session with Pearl Meyer outside the presence of management;

Pearl Meyer maintains a conflicts policy, which was provided to the Compensation Committee with specific policies and procedures designed to ensure independence;

Fees paid to Pearl Meyer by Forum during 2018 were less than 1% of Pearl Meyer's total revenue;

None of the Pearl Meyer consultants working on matters with us had any business or personal relationship with Compensation Committee members (other than in connection with working on matters with us);

None of the Pearl Meyer consultants working on matters with us (or any consultants at Pearl Meyer) had any business or personal relationship with any of our executive officers; and

None of the Pearl Meyer consultants working on matters with us owns shares of our common stock.

The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

Comparator Compensation Peer Group

We have developed a comparator compensation peer group, which is composed of specific peer companies within the energy industry with whom we may compete for executive talent. Our peer group was developed with the assistance of Pearl Meyer and is used to analyze our NEO compensation levels and overall program design. This compensation peer group is used to determine direct market levels of the main elements of executive compensation (base salary, annual incentives, long-term incentives, as well as total direct compensation). The peer group is also used to gauge industry practices regarding the structure and mechanics of annual and long-term incentive plans, employment agreements, severance and change in control policies and employee benefits. The composition of the peer group is reviewed by the Compensation Committee on an annual basis to ensure that we have and maintain an appropriate group of comparator companies. In August 2018, with the advice of Pearl Meyer, the Compensation Committee assessed the compensation peer group and determined to add Frank's International.

Criteria for selecting peer companies for compensation benchmarking is based on a number of factors. The peer companies selected should reflect an optimum mix of the criteria listed below in their relative order of importance:

Competitive market:

Competing Talent — companies with executive talent similar to that valued by us;

Direct Competitors — companies in the same or similar industry sector for products or services; and

Competing Industry — companies in the same general industry sector having similar talent pools.

Size and demographics:

Firms with competitive posture that are generally similar in revenue or market cap size and whose median revenue for the group approximates our revenue;

Firms with a competitive posture and comparable area of operations;

Firms in the same or similar competitive posture that experience similar market cycles; and

Firms that serve the same sector of the industry.

The Compensation Committee, based on Pearl Meyer's analysis and our internal analysis, determined to use the following peer group of 14 companies to evaluate and compare our compensation practices in 2018:

Ticker	Name	Primary Industry	Financial Size Statistics	
			2018 Revenue (\$MM)	12/31/18 Mkt Cap (\$MM)
BAS	Basic Energy Services, Inc.	Oil and Gas Equipment and Services	\$964.7	\$102.0
BRS	Bristow Group, Inc.	Oil and Gas Equipment and Services	\$1,384.4	\$87.0
CLB	Core Laboratories N.V.	Oil and Gas Equipment and Services	\$700.8	\$2,638.2
DRQ	Dril-Quip, Inc.	Oil and Gas Equipment and Services	\$384.6	\$1,074.4
EXTN	Exterran Corporation	Oil and Gas Equipment and Services	\$1,360.9	\$639.9
FI	Frank's International N.V.	Oil and Gas Equipment and Services	\$522.5	\$1,170.8
HLX	Helix Energy Solutions Group, Inc.	Oil and Gas Equipment and Services	\$739.8	\$801.5
KEG	Key Energy Services Inc.	Oil and Gas Equipment and Services	\$521.7	\$42.0
OII	Oceaneering International, Inc.	Oil and Gas Equipment and Services	\$1,909.5	\$1,192.2
OIS	Oil States International Inc.	Oil and Gas Equipment and Services	\$1,088.1	\$856.5
PTEN	Patterson-UTI Energy Inc.	Oil and Gas Drilling	\$3,327.0	\$2,248.1
RDC	Rowan Companies plc	Oil and Gas Drilling	\$824.8	\$1,066.1
SPN	Superior Energy Services, Inc.	Oil and Gas Equipment and Services	\$2,130.3	\$517.7
TDW	Tidewater Inc.	Oil and Gas Equipment and Services	\$406.5	\$694.6

		2018 Revenue	12/31/18 Market Cap
Compensation Peer Group	25th Percentile	1,378.5	1,146.7
Summary	50th Percentile	894.8	829.0
(\$ millions)	75th Percentage	567.1	548.2
Forum 2018 (\$ millions)		\$1,064.2	\$448.0
		60th Percentile	22nd Percentile

Performance Peer Group

We have also developed a performance peer group with the assistance of Pearl Meyer. The performance peer group is only used to determine payouts for our performance share awards by measuring our TSR relative to that of the performance peer group. The composition of the performance peer group is also reviewed by the Compensation Committee on an annual basis to ensure that we have and maintain an appropriate group of companies. See “—Performance Shares” below for a description of performance award payouts.

The performance peer selections were primarily based on who we believe are our most direct competitors—those companies who are in the same industry sector, and compete with us in regards to the products or services we offer and/or for investment capital. Given that the Philadelphia Stock Exchange Oil Service Sector is designed to track the performance of the overall oilfield services sector, the Compensation Committee believes it is a useful measure of the Company’s performance. Our performance peer group, which was used to determine payout levels for our 2018 performance-based awards is as follows:

2018 Performance Peer Companies

Ticker	Name	Primary Industry
DRQ	Dril-Quip Inc.	Oil & Gas Equipment and Services
EXTN	Exterran Corporation	Oil & Gas Equipment and Services
FTI	TechnipFMC plc	Oil & Gas Equipment and Services
HTG.L	Hunting plc	Oil & Gas Equipment and Services
NOV	National Oilwell Varco Inc.	Oil & Gas Equipment and Services
OII	Oceaneering International Inc.	Oil & Gas Equipment and Services
OIS	Oil States International Inc.	Oil & Gas Equipment and Services
SPN	Superior Energy Services, Inc.	Oil & Gas Equipment and Services
OSX	Philadelphia Stock Exchange Oil Service Sector	Oilfield Services Index

Our performance peer group, which will be used to determine payout levels for our 2019 performance-based awards, was changed slightly from the 2018 group. Philadelphia Stock Exchange Oil Service Sector was replaced by Apergy Corporation.

2019 Performance Peer Companies

**Financial Size
Statistics**

Ticker	Name	Primary Industry	2018 Revenue (\$MM)	12/31/18 Mkt Cap (\$MM)
APY	Apergy Corporation	Oil & Gas Equipment and Services	\$1,216.6	\$2,094.4
WHD	Cactus, Inc.	Oil & Gas Equipment and Services	—	\$1,031.9
DRQ	Dril-Quip Inc.	Oil & Gas Equipment and Services	\$384.6	\$1,074.4
EXTN	Exterran Corporation	Oil & Gas Equipment and Services	\$1,360.9	\$639.9
FTI	TechnipFMC plc	Oil & Gas Equipment and Services	\$12,552.9	\$8,818.5
HTG.L	Hunting plc	Oil & Gas Equipment and Services	\$911.4	\$789.2
NOV	National Oilwell Varco Inc.	Oil & Gas Equipment and Services	\$8,453.0	\$9,852.5
OII	Oceaneering International Inc.	Oil & Gas Equipment and Services	\$1,909.5	\$1,192.2
OIS	Oil States International Inc.	Oil & Gas Equipment and Services	\$1,088.1	\$856.5
SPN	Superior Energy Services, Inc.	Oil & Gas Equipment and Services	\$2,130.3	\$517.7

Role of Market Data

Pearl Meyer uses compensation data gathered from the compensation peer group as well as supplemental data from published market surveys to benchmark our executive compensation. The supplemental survey data allow the Compensation Committee to consider compensation levels through the broader energy industry compared to the oilfield services industry focused data of the peer group. Survey data also provides market norms for executive positions, which may not be reported as NEOs in the peer group data.

Our review of market data focuses on the main elements of executive compensation: base salary, annual incentive opportunity, long-term compensation and total direct compensation. The graphic below sets forth the data we consider:

We review both target and actual compensation paid, but our primary focus is on target compensation because we want to provide our executives with the opportunity to earn competitive levels of compensation. How our plans ultimately payout is contingent upon management's performance.

The Compensation Committee periodically commissions Pearl Meyer to conduct a market-based compensation study. The most recent study used in connection with the determination of total compensation in 2018 was completed in November 2017 and reviewed again in February 2018. That study indicated that our NEO base salaries, target total cash and target total direct compensation are on average below the market median. Except in the case of promotions, the Compensation Committee determined not to meaningfully adjust executive compensation due to market conditions.

Elements of Compensation for Our NEOs

Base Salary

Base salary is the fixed annual compensation we pay to each NEO for performing specific job responsibilities and is based on the executive's level of experience and requisite skills. It represents the minimum income a NEO may receive

in any year. Base salaries are determined for each NEO based on the executive's position and responsibility. We review the base salaries for each NEO annually as well as at the time of any promotion or significant change in job responsibilities. In connection with each review, we also consider individual and company performance over the course of that year. The severance agreements and employment agreement we maintain with the NEOs (described in greater detail below) provide that base salaries will generally not be reduced during the annual review unless the decrease is in connection with a similar reduction applicable to all of our executive officers, and if so, the decrease could be a reduction of up to 10% of the executive's base salary.

The table below shows base pay amounts for each NEO as of December 31, 2017 and 2018, and March 20, 2019:

NEO	2017 Salary	2018 Salary	Change	2019 Salary	Change
C. Christopher Gaut ⁽¹⁾	675,000	750,000	11%	750,000	—
Prady Iyyanki ⁽²⁾	650,000	700,000	8%	N/A	N/A
Pablo G. Mercado ⁽³⁾	300,000	360,000	20%	410,000	13.8%
James W. Harris	399,877	399,877	—	N/A	N/A
James L. McCulloch ⁽⁴⁾	346,653	357,053	3%	160,000	(55.2)%
D. Lyle Williams ⁽⁵⁾	N/A	320,000	N/A	320,000	—
Michael D. Danford	300,000	300,000	—	300,000	—

Mr. Gaut served as Chief Executive Officer of the Company until May 16, 2017 and as Executive Chairman of the Board until December 31, 2017. Mr. Gaut transitioned to serve as non-Executive Chairman of the Board on (1)December 31, 2017. In February 2018, Mr. Gaut's salary was decreased to \$160,000 under a new employment agreement with the Company, pursuant to which he acted as an advisor to the Chief Executive Officer. In November 2018, Mr. Gaut was appointed as the Company's President and Chief Executive Officer, replacing

Mr. Iyyanki who resigned from such positions. Mr. Gaut continues to serve as the Chairman of the Board. In connection with Mr. Gaut's appointment, his employment agreement was terminated, and his salary was increased to \$750,000.

(2) Mr. Iyyanki resigned as the Company's President and Chief Executive Officer in November 2018.

(3) In August 2017, Mr. Mercado was appointed to serve as our Senior Vice President, Finance and his compensation was increased to be in line with the market median. In March 2018, Mr. Mercado was appointed to serve as our Senior Vice President and Chief Financial Officer and his compensation was increased based on the market median.

(4) On February 14, 2019, Mr. McCulloch announced his desire to retire as an executive officer of the Company and transitioned to serve as Chief Compliance Officer and Special Advisor to the Chief Executive Officer on February 15, 2019.

(5) Prior to 2018, Mr. Williams was not a NEO.

Annual Incentive Awards

Our annual incentive awards are formulaic and performance based. The payout potential at each level of our plan is expressed as a percentage of an executive's base salary as set forth in the table below. Each year the Compensation Committee reviews bonus targets as well as target and actual total cash compensation paid to the NEOs in our peer group to gauge the competitive level of our targets and ultimate payouts.

Management Incentive Plan

Our Management Incentive Plan (the "MIP") for 2018 was designed to incentivize and reward key executives having a significant impact on our achievement of overall corporate performance goals. The Compensation Committee, or board of directors in the case of the Chief Executive Officer, approved the NEO participants and their target bonus levels for the MIP and will continue to do so in future years.

The following table sets out our target and maximum bonus levels for 2018 for our NEOs expressed as a percentage of the individual's base salary earned during the year:

Executive	Target bonus (% of base)	Maximum bonus (% of base)
C. Christopher Gaut	110%	220%
Prady Iyyanki	100%	200%
Pablo G. Mercado	75%	150%
James W. Harris	80%	160%
James L. McCulloch	80%	160%
D. Lyle Williams	60%	120%
Michael D. Danford	60%	120%

2018 MIP

The 2018 MIP has a built-in threshold such that zero bonus is paid if we achieve anything less than the entry level of the established performance goals for the year. When actual performance is greater than the target performance level in an amount set forth in the 2018 MIP, referred to as “over-achievement,” the participant is eligible to receive up to the maximum bonus in the above table, an amount of up to two times the target award. The following graph summarizes the payout of the established performance goals.

MIP Performance Metrics

Performance for the 2018 MIP was measured in terms of EBITDA, inventory turns, personal performance and safety. These metrics were chosen because the Compensation Committee, and board of directors in the case of the Chief Executive Officer, concluded that using EBITDA and inventory turns as measures align the interests of the executives with those of our stockholders. Specific personal performance measures reward management for focusing on key individual criteria that are only indirectly captured through financial metrics. Safety, one of our Core Values, was chosen as a measure given its importance to our customers and to our reputation. The weightings for the four 2018 MIP metrics were as follows:

Performance Measure	Weighting
EBITDA	60%
Inventory Turns	20%
Personal Performance Award	10%
Safety Performance	10%

EBITDA and Inventory Turns

The EBITDA measure was derived from the 2018 financial plan set by our board of directors, adjusted for acquisitions during the year and other non-recurring items. The inventory turns measure (“Inventory Turns”) was determined by calculating the average of the gross inventory turns for the third and fourth quarter 2018.

Personal Performance Award

The Personal Performance Award is intended to encourage an increased focus on each participant’s impact on our overall objectives, including maximizing shareholder return. Each NEO’s personal performance is evaluated in terms of both quantity and quality of achievement relative to their individual areas of responsibility, and such other factors deemed relevant by the CEO and the Compensation Committee, or the board of directors, as applicable.

Safety Performance

The safety measure was based on the TRIR, which is a measure of the recordable workplace injuries that occur during the year, calculated by multiplying the number of recordable injuries in a calendar year by 200,000 (100 employees working 2,000 hours per year), and dividing this value by the total man-hours actually worked in the year. The safety measures were designed to incentivize improvements in TRIR for the Company as a whole and for each product line. The safety measure for our NEOs is based on the Company's consolidated TRIR safety performance.

The target for each product line was established with reference to past safety performance and the average TRIR for the oil and gas manufacturing industry, as reported in 2010 by the U.S. Department of Labor. Threshold and over-achievement levels were set at points recommended by management to create stretch goals while at the same time incentivizing each product line throughout the year rather than as a percentage of target TRIR.

2018 MIP Payout

The table below sets forth the components and calculation of the total performance payout factor under our 2018 MIP, including target and actual performance and performance metric weightings.

Performance Measure	2018 Target	2018 Achievement	Percent of Target Earned	Times Weight	Equals Weighted Percent of Target Earned
EBITDA (\$MM)	\$127.4	\$96.4	37%	60%	22%
Inventory Turns	1.66	1.42	0%	20%	—
Safety (TRIR)	1.10	1.03	162%	10%	16%
Personal			100%	10%	10%
TOTAL					48%

In accordance with the terms of the MIP, each performance measure other than personal performance is adjusted as necessary for acquisitions consummated during the year and other non-recurring items as determined by the Committee to be appropriate. Based on the MIP measures for each executive, financial, safety and personal performance, resulted in the payments set forth below.

Awards under our 2018 MIP were determined following an analysis of our financial results for 2018.

Executive	MIP Target (\$)	MIP Payment (\$)	MIP Payment as % of Target	2018 Payment as % of Base Salary at 12/31/2018
C. Christopher Gaut ⁽¹⁾	72,329	35,007	48%	5%
Prady Iyyanki ⁽¹⁾	640,548	310,025	48%	N/A
Pablo G. Mercado ⁽²⁾	270,000	130,680	48%	36%
James W. Harris	319,902	191,621	60%	48%
James L. McCulloch	285,643	138,251	48%	39%
D. Lyle Williams	192,000	92,928	48%	29%
Michael D. Danford	180,000	87,120	48%	29%

- On November 30, 2018, Mr. Iyyanki resigned as President and Chief Executive Officer and a member of our board of directors. In connection with Mr. Iyyanki's resignation, Mr. Gaut was appointed to serve as President, Chief Executive Officer and Chairman of the Board. Mr. Gaut's MIP payment is pro rated with respect to his period of service as our President and Chief Executive Officer.
- (1)
- (2) Mr. Mercado was appointed as Senior Vice President and Chief Financial Officer in March 2018. In connection with such appointment, his compensation was increased from \$300,000 to \$360,000.

2018 Long-Term Equity Based Incentives

We believe that long-term equity awards are the strongest link between executive pay and stockholder interests. They represent, therefore, a significant portion of our NEO total compensation. Long-term equity awards are granted pursuant to the 2016 Plan. Options are inherently performance based and we believe provide a strong link between our executives' and stockholders' long-term interests. We typically also grant restricted stock units as part of our equity-based incentive package for competitive purposes, to balance the compensation risk associated with options and to provide value in equity that is tied to retention by placing a vesting requirement on the restricted stock unit grants. Another reason we grant restricted stock units is to conserve our share pool. Fewer full value shares are required to deliver a targeted equity value than would be required if the grant were made in options alone. We include performance-based awards in the mix of equity granted to our NEOs. In 2018, the grants to our NEOs were made up one-third each of stock options, restricted stock units and performance based shares as a balanced approach, which considers the motivation of our executives and the interests of our stockholders. In addition, subject to exceptional circumstances, incentive awards include double-trigger vesting provisions. While single-trigger vesting is prevalent among members of our peer group, we believe double trigger vesting is more in line with the expectations of our stockholders and would still permit us to offer attractive compensation to our NEOs. It has been our historical practice and expectation that on a going forward basis incentive awards will also include multi-year vesting provisions.

LTI Vehicle	Performance Measure	Vesting	Other NEOs ⁽¹⁾		
			CEO	2018	2019
Stock Options	Only has value if stock price appreciates	25% annually for four years	—	33%	—
Time-Vested Restricted Stock Units	Final value varies with stock price	25% annually for four years	50%	33%	50%
Performance Shares	Shares earned subject to the Company's TSR performance relative to peer group over a one-, two-, and three-year period	1/3 of each award vests after one-, two-, and three-year performance periods	50%	33%	50%

(1) For 2019, in order to reduce dilution, the Compensation Committee has decided that we will no longer grant stock options and will increase the portion of long-term incentive value that is explicitly performance based. In addition, the restricted stock units granted include a three-year straight line vesting term, and the performance shares are subject to our three-year year total shareholder return relative to the Company's peer group.

Long Term Incentive Award Program Terms

Award Cycle & Timing for 2018 Grants

Fiscal Year	Equity Granted	February 2019	February 2020	February 2021	February 2022
2018		2018 Performance Share Award Earned 33			
	2018 Performance Share Award	1/3	2018 Performance Share Award Earned 33		
			1/3	2018 Performance Share Award Earned 33	
				1/3	
	2018 Time-Vested Restricted Stock Units	2018 Restricted Stock Units	2018 Restricted Stock Units	2018 Restricted Stock Units	2018 Restricted Stock Units
		1/4 Vested	1/4 Vested	1/4 Vested	1/4 Vested
	2018 Time-Vested Stock Options	2018 Stock Options	2018 Stock Options	2018 Stock Options	2018 Stock Options

1/4 Vested

1/4 Vested

1/4 Vested

1/4 Vested

Performance Shares

Performance shares provide an additional incentive to our NEOs. Performance share payout will be calculated at the end of each year over a three year period based on TSR relative to our performance peer group. The table below shows the award multipliers applied to our target based upon relative TSR performance. The table below shows the impact on payout multipliers as peers are removed from the group. Please see the “—Performance Peer Group” section above for a description of our performance peer group.

Rank Against Peers	Award Multiplier (10 peers)	Award Multiplier (9 peers)	Award Multiplier (8 peers)
1	2.00	2.00	2.00
2	1.80	1.75	1.75
3	1.60	1.50	1.50
4	1.40	1.25	1.25
5	1.20	1.00	1.00
6	1.00	1.00	0.75
7	0.80	0.75	0.50
8	0.60	0.50	0.25
9	0.40	0.25	0.00
10	0.20	0.00	
11	0.00		

The resulting multipliers shown above, and ultimate number of shares delivered to our NEOs, are determined at the conclusion of each year in the three-year performance period. The first measurement will be the one-year relative TSR, the second measurement will be cumulative two-year TSR, and the third measurement will be the cumulative three-year TSR relative to the performance peer group. Under each performance share agreement, the payout is capped at a multiplier of 1.00 if absolute total shareholder return is negative, even if our TSR performance is ranked higher relative to our peers. In addition, the agreements provide for a payout with a minimum multiplier of 1.00 if absolute TSR is greater than or equal to 20%.

2018 Awards

Our Compensation Committee, and our board of directors in respect of Mr. Iyyanki and Gaut, granted equity-based compensation awards in 2018 to each of the NEOs.

Executive	Stock Option Awards	Restricted Stock Unit Awards	Performance Share Awards ⁽¹⁾	Grant Date Value (\$)
C. Christopher Gaut ⁽²⁾	—	312,500	300,000	2,858,550
Prady Iyyanki	177,020	82,670	82,670	2,892,082
Pablo G. Mercado	42,830	20,000	20,000	699,694
James W. Harris	22,840	10,670	10,670	373,235
James L. McCulloch	42,830	20,000	20,000	699,694
D. Lyle Williams	29,980	14,000	14,000	489,781
Michael D. Danford	27,120	12,670	12,670	443,138

Reflects shares that will be earned at target. Payout of shares varies from 0% of the target award if relative TSR (1) performance does not meet the threshold and up to 200% of the target award if relative TSR performance is at the maximum level.

In February 2018, Mr. Gaut received a non-executive director incentive award of 12,500 restricted stock units. In (2) connection with his appointment as our President and Chief Executive Officer in November 2018, Mr. Gaut received an award of 300,000 restricted stock units and 300,000 performance shares.

Our equity-based compensation awards granted in 2018 were approximately equal to the median as compared to our compensation peer group. We do not time the release of material nonpublic information for the purpose of affecting the value of executive compensation, and we do not grant options with a grant date prior to the date the grant is approved.

Update on Performance Awards

Our 2018 TSR, 2017 through 2018 TSR and 2016 through 2018 TSR were -66.8%, -78.6% and -61.8%, respectively, which ranked tenth, ninth and ninth among our one-, two- and three-year performance peer groups (shown below). This performance resulted in the application of a 0.00x multiplier to our target on the first tranche of the 2018 performance award, 0.00x multiplier to our target on the second tranche of the 2017 performance award and 0.00x multiplier to our target on the third tranche of the 2016 performance award.

2019 Long-Term Equity Based Incentives

Our Compensation Committee, and our board of directors in respect of Mr. Gaut, granted equity-based compensation awards in February 2019. The table below summarizes the amount of such grants to each NEO.

Executive	Restricted Stock Unit Awards	Performance Share Awards ⁽¹⁾	Grant Date Value (\$)
C. Christopher Gaut	113,809	113,809	1,849,237
Prady Iyyanki	N/A	N/A	N/A
Pablo G. Mercado	66,388	66,388	1,078,712
James W. Harris	N/A	N/A	N/A
James L. McCulloch(2)	36,419	—	240,001
D. Lyle Williams	39,833	39,833	647,230
Michael D. Danford	36,039	36,039	585,583

(1) The number of performance share awards disclosed in this column assumes that the performance share award grant is paid out at the target level of performance. Payout of shares varies from 0% of the target award if relative TSR performance does not meet threshold and up to 200% of the target award if relative TSR performance is at the maximum level.

(2) On February 14, 2019, Mr. McCulloch announced his desire to retire as an executive officer of the Company and transitioned to serve as Chief Compliance Officer and Special Advisor to the Chief Executive Officer on February

15, 2019.

Our equity-based compensation awards granted in February 2019 were approximately at or below the market median as compared to our compensation peer group. The restricted stock units will vest equally over a three-year period. The performance share award payout will be calculated at the end of each three-year period based on TSR relative to our performance peer group.

Employee Benefits

Our 401(k) Plan is designed to allow all employees, including the participating NEOs, to contribute on a pre-tax or Roth after-tax basis. Each participant may elect to contribute up to 75% of his or her compensation to the 401(k) Plan as pre-tax or Roth after-tax contributions (but limited by the statutory maximum of \$18,500 for 2018). Additionally, participants age 50 years and older may make a “catch-up contribution” to the 401(k) Plan each year up to an amount set by statute (\$6,000 for 2018).

We have the discretion to provide a profit sharing contribution to each participant depending on the Company’s performance for the applicable year. There were no profit sharing contributions made in 2018. Due to statutory limits on the amounts contributed to qualified plans, our NEOs did not receive the full potential matching contribution under the 401(k) Plan.

We also provide medical, dental and vision coverage to all of our full-time employees, as well as basic life and disability coverage.

Other Practices, Policies and Guidelines

Perquisites

We do not provide for any perquisites or any other personal benefits for our executive officers that are not available to other employees.

Clawbacks

Incentive compensation under our Amended 2016 Plan, including any cash bonus or cash incentive award program of the Company, to our executive officers is subject to clawback in the event that our financial statements are required to be restated.

Risk Assessment

Our board of directors has reviewed our compensation policies as generally applicable to our employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us. The Compensation Committee performs this assessment annually and if a likelihood of a material risk exists, it will enlist additional resources for a full assessment.

Our compensation philosophy and culture support the use of base salary, certain performance-based compensation and benefit plans that are generally consistent in design and operation throughout our organization and with all levels of employees. These compensation policies and practices are centrally designed and administered. In addition, the following specific factors reduce the likelihood of excessive risk taking:

Our overall compensation levels are competitive with the market;

Our compensation mix comprises (i) fixed components like salary and benefits, (ii) annual incentives that reward our overall financial performance and safety and (iii) long term incentives to more closely tie executive compensation to stockholder interests and provide for it to be at-risk based on performance;

We intend to always have a strategic long term plan;

Our annual corporate goals will be established with specific consideration given to behavioral risk;

We design our compensation plans so that no material risks are created between or across product lines;

We seek to implement appropriate performance measures each year, whether absolute or relative;

We have established maximum payouts to cap any performance incentives in place; and

Incentive compensation under our Amended 2016 Plan, including any cash bonus or cash incentive program of the Company, to our executive officers is subject to clawback in certain circumstances.

In summary, although a portion of the compensation provided to NEOs is based on our performance, we believe our compensation programs do not encourage excessive and unnecessary risk-taking by executive officers (or other employees) because these programs are designed to encourage employees to remain focused on both our short-term and long-term operational and financial goals. We set performance goals that we believe are reasonable in light of our past performance and market conditions.

Executive Stock Ownership Requirements

To further align the interests of our NEOs with the long term interests of stockholders, our board of directors adopted a Stock Ownership Requirements Policy that requires our executive officers to own shares equal to specified amounts of our common stock, set at a multiple of the officers' base annual salary in effect as of January 1 of each applicable year. Targets are based on the following multiples of base salary:

Officer	Multiple
CEO	6x
Executive Vice Presidents	4x
Corporate Senior Vice Presidents	3x
Other Section 16 Officers	2x

NEOs are expected to reach this level of target ownership within five years of becoming subject to the policy, or within three years of a promotion to a higher target multiple. Actual shares of stock, restricted stock, restricted stock units (including deferred stock units) and earned but unvested performance shares may be counted in satisfying the stock ownership guidelines.

Shares issuable upon exercise of unexercised stock options are not counted. A NEO who is not in compliance with the policy may only sell shares to pay the applicable taxes related to an award of restricted stock or restricted stock units, the value of which does not exceed such tax liability, or to pay the exercise price or applicable taxes upon the exercise of stock options, retaining shares received upon exercise net of shares sold to cover the exercise prices or taxes, as applicable. As of January 1, 2018, each of our NEOs continued to be in compliance with the requirements set forth under the policy. We believe the significant amount of shares required to be held pursuant to the policy aligns the interests of our executives and those of our stockholders. We further believe that this is more effective than imposing a minimum holding period and that imposing such a holding period would be unduly restrictive for executive officers and impact our ability to attract and retain top talent.

Employment and Severance Agreements

We entered into severance agreements with Messrs. Gaut, Mercado, Williams and Danford, effective December 19, 2018, February 16, 2018, February 16, 2018 and September 1, 2018. We entered into an employment agreement with Mr. McCulloch effective October 25, 2010. On July 31, 2018, we entered into a Retirement Agreement with Mr. Harris and, on December 6, 2018, we entered into a Separation Agreement with Mr. Iyyanki. None of the contracts provide for excise tax protections in the event of a change in control. Messrs. Gaut, Mercado, Williams and Danford are not a party to an employment agreement with us.

The employment agreement with Mr. McCulloch sets forth the manner by which the employment relationship may be extended or terminated, and the compensation and benefits that we provide during the term of employment. Both the employment and severance agreements set forth obligations each party has in the event of termination of employment. We believe that severance protections, particularly in the context of a change in control transaction, play a critical role in attracting and retaining key executive officers. Providing this type of protection is common in the oilfield services industry. In addition, these benefits serve our interests by promoting a continuity of management and aligning management's interests with those of our stockholders in the context of an actual or threatened change in control transaction. The Retirement Agreement with Mr. Harris and Separation Agreement with Mr. Iyyanki govern the terms by which such NEOs will depart or have terminated their employment relationship with us.

Other material terms of these agreements are set forth below under "Executive Compensation." The severance provisions within the agreements are set forth in detail in "Executive Compensation — Potential payments upon termination and change in control" below.

Nonqualified Deferred Compensation Plan

Our non-qualified deferred compensation plan permits eligible participants, including our NEOs, to make contributions (and to receive matching contributions) in excess of the Internal Revenue Code limitations. The plan was adopted in consultation with Pearl Meyer, which advised the Compensation Committee that such a plan was a competitive practice. The suspension of matching contributions on participant deferrals under the deferred compensation plan continues to be in effect.

The plan provides that an officer may defer up to 50% of his base compensation and all or any portion of his bonus. All deferred amounts are credited with earnings through the date paid. The Compensation Committee annually recommends to the board of directors the interest rate to be paid on all deferred compensation amounts for the year. The interest rate on deferred compensation for 2018 was 7.0% per annum.

Each NEO is 100% vested in all matching contributions as a result of having satisfied the service requirements provided under the plan. Benefits under the plan are paid at the participant's election upon termination of employment in a cash lump sum or in annual installments over a period not longer than five years. The Compensation Committee is responsible for administering this plan. In addition to those employees designated by the plan, our CEO is permitted to designate additional employees who may participate in this plan.

Upon a "change of control" within the meaning of the 2016 Stock and Incentive Plan (the "2016 Plan"), all account balances will be fully vested.

Employee Stock Purchase Plan

In 2017, we adopted an employee stock purchase plan, which provides our eligible employees, including our NEOs, an option to purchase our common stock through payroll deductions and is designed to comply with Section 423 of the Internal Revenue Code. Generally, the purchase price is equal to 85% (or such other percentage that is not lower than 85% as designated by the Compensation Committee prior to the commencement of an offering period) of the market price of common stock on one of the following dates: (i) the offering date, (ii) the purchase date or (iii) the offering date or the purchase date, whichever is lower,

as designated by the Compensation Committee from time to time. Offering periods generally consist of six-month periods, or such other periods as may be determined from time to time by the Compensation Committee. Employees will be limited to a maximum payroll deduction of up to 30% of eligible compensation and may not purchase more than \$12,500 in shares each offering period.

Accounting and Tax Considerations

If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A of the Internal Revenue Code, and such compensation does not comply with Section 409A, then the benefits are taxable in the first year they are not subject to a substantial risk of forfeiture and are subject to certain additional adverse tax consequences. We intend to design such arrangements to comply with (or be exempt from) Section 409A to the extent that the design is also appropriate for our business goals with respect to that arrangement.

All equity awards to our employees, including executive officers, and to our directors are granted and reflected in our consolidated financial statements, based upon the applicable accounting guidance, at fair market value on the grant date in accordance with FASB Accounting Standards Codification, Topic 718, "Compensation — Stock compensation."

Section 162(m) of the Internal Revenue Code limits the annual tax deduction to \$1,000,000 for compensation paid by a publicly held company to its Chief Executive Officer and each of its three other most highly compensated NEOs other than the Chief Financial Officer, unless certain performance-based requirements are met. Under the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"), effective for our taxable year beginning January 1, 2018, the exception under Section 162(m) for performance-based compensation was no longer available, except with respect to transition relief for certain grandfathered arrangements in effect as of November 2, 2017. In addition, the "covered employees" subject to Section 162(m) limitations were expanded to include our Chief Financial Officer, and once one of our NEOs is considered a covered employee, such officer will remain a covered employee so long as he or she receives compensation from us. To the extent practicable, we preserve deductions related to existing compensation arrangements that are eligible for transition relief under the 2017 Tax Act, but we reserve the right to use our judgment to authorize compensation payments that are not deductible under Section 162(m) when we believe that such payments are appropriate and in the best interests of the stockholders, after taking into consideration changing business conditions or the executive's individual performance and/or changes in specific job duties and responsibilities.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with Forum's management the matters reported in the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the Compensation Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

Louis A. Raspino, *Chairperson*
Michael McShane
Terence M. O'Toole

EXECUTIVE COMPENSATION

The following tables provide information regarding the compensation awarded to or earned during the periods indicated below by our principal executive officers, principal financial officers and each of the next three most highly compensated executive officers who were serving as such on December 31, 2018. The tables following the summary compensation table provide additional detail with respect to actual compensation, grants of plan-based awards, the value of outstanding equity awards as of December 31, 2018, the value of options exercised and stock awards that vested during 2018, deferred compensation and estimates of changes in post-employment benefits.

Summary compensation table for 2018

Name and Principal Position	Year	Salary (1) (\$)	Bonus (\$)	Performance Share Awards (2) (\$)(A)	Restricted Stock / Restricted Stock Unit Awards (3) (\$)(B)	Stock Awards (4) (\$)(A+B)	Option Awards (3) (\$)	Non-Equity Incentive Plan Comp (1)(5) (\$)	All Other Comp (6) (\$)	Total (\$)
C. Christopher Gaut (7)	2018	279,121	—	1,439,550	1,419,000	2,858,550	—	35,007	9,886	3,182,564
	2017	676,854	—	1,112,380	999,995	2,112,375	1,000,001	466,060	10,800	4,266,091
Chairman of the Board	2016	612,692	—	1,009,650	1,125,016	2,134,666	1,125,009	271,249	18,292	4,161,908
Prady Iyyanki (7)	2018	639,615	—	949,445	992,040	1,941,485	950,597	310,025	11,724	3,853,447
	2017	587,170	—	556,200	1,700,023	2,256,223	500,001	262,168	9,876	3,615,438
Former President and Chief Executive Officer	2016	431,154	—	358,994	900,026	1,259,020	400,015	157,371	—	2,247,560
Pablo Mercado (8)	2018	352,055	—	229,697	240,000	469,697	229,997	130,680	11,000	1,193,429
	2017	293,374	—	140,908	226,570	367,478	126,669	74,104	10,800	872,425
Sr. Vice President, Chief Financial Officer and Treasurer	2016	267,961	—	113,680	126,671	240,351	126,665	48,705	—	683,682

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James W. Harris	2018	402,074	—	122,544	128,040	250,584	122,651	191,621	14,343	981,274
	2017	400,976	—	370,800	333,338	704,138	333,334	144,836	9,809	1,593,093
Executive Vice President – Drilling and Subsea (former Chief Financial Officer) ⁽⁹⁾	2016	362,965	—	269,246	300,011	569,256	299,992	103,740	5,653	1,341,607
James L. McCulloch	2018	357,655	—	229,697	240,000	469,697	229,997	138,251	11,000	1,206,600
	2017	347,605	—	278,100	250,004	528,104	250,000	153,184	10,800	1,289,693
Chief Compliance Officer and advisor to the CEO (former General Counsel)	2016	314,654	—	194,413	216,627	411,040	216,678	89,154	—	1,031,527
D. Lyle Williams										
Sr. Vice President— Operations ⁽¹⁰⁾	2018	319,143	—	160,788	168,000	328,788	160,993	92,928	10,943	912,795
Michael D. Danford	2018	301,648	—	145,513	152,040	297,553	145,634	87,120	11,000	842,955
	2017	293,374	—	177,979	159,996	337,975	159,999	97,475	10,800	899,622
Sr. Vice President— Human Resources	2016	240,115	—	113,680	126,671	240,351	126,665	52,474	—	659,605

(1) The amounts disclosed in this column include amounts voluntarily deferred under the Forum Energy Technologies, Inc. Deferred Compensation and Restoration Plan.

(2) The amounts in this column reflect the aggregate grant date fair value of Performance Share Awards at the target amount, calculated in accordance with FASB Accounting Standards Topic 718. At the maximum amount, these values for Messrs. Gaut, Iyyanki, Mercado, Harris, McCulloch, Williams and Danford would be \$2,879,100, \$1,898,890, \$459,393, \$245,088, \$459,393, \$321,577, and \$291,026. In February 2019, we issued no shares of common stock to each of Messrs. Gaut, Iyyanki, Mercado, Harris, McCulloch, Williams and Danford in connection with the vesting of performance awards granted in February 2016, February 2017 and February 2018. For additional information, see Note 14 to our consolidated financial statements in our annual report on Form 10-K

for the year ended December 31, 2018.

The amounts disclosed in the “2018”, “2017,” and “2016” rows represent the grant date fair value of restricted stock, restricted stock units and stock options as determined in accordance with FASB Accounting Standards Topic 718. (3) All 2016 equity awards were granted based on the fair market value of a share of our common stock being \$9.39. Other assumptions with respect to stock options included: (a) an exercise price of \$9.39; (b) an expected term of 6.25 years; (c) volatility of 40.06%; (d) a dividend yield of 0.0%; (e) a risk free

investment rate of 1.40%; and (f) a Black-Scholes value of \$3.85. All 2017 equity awards were granted based on the fair market value of a share of our common stock being \$20.10. Other assumptions with respect to stock options included: (a) an exercise price of \$20.10; (b) an expected term of 6.25 years; (c) volatility of 42.65%; (d) a dividend yield of 0.0%; (e) a risk free investment rate of 2.11%; and (f) a Black-Scholes value of \$8.95. For additional information, see Note 14 to our consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2017. All 2018 equity awards were granted based on the fair market value of a share of our common stock being \$12.00. Other assumptions with respect to stock options included: (a) an exercise price of \$12.00; (b) an expected term of 6.25 years; (c) volatility of 44.07%; (d) a dividend yield of 0.0%; (e) a risk free investment rate of 2.74%; and (f) a Black-Scholes value of \$5.62. For additional information, see Note 14 to our consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2018.

(4) The amounts disclosed in this column represent the aggregate grant-date fair value of restricted stock, restricted stock unit awards and performance share awards, as applicable and as reflected in columns A and B.

(5) Amounts in the “2018,” “2017” and “2016” rows reflect the MIP award payments that we made to each individual during the first quarters of 2019, 2018 and 2017, respectively.

(6) All amounts reflected in this column for 2018 represent contributions that we made to each individual’s 401(k) Plan account or severance payments. In addition, the Company provided Mr. Harris with a retirement gift in recognition of his years of service.

(7) In May 2017, Mr. Gaut transitioned to serve as Executive Chairman of the Board, and Mr. Iyyanki was appointed as President and Chief Executive Officer and was elected as a member of our board of directors. On December 31, 2017, Mr. Gaut transitioned to serve as non-executive Chairman of the Board. Messrs. Gaut and Iyyanki did not receive compensation for service as a director in 2017. On November 30, 2018, Mr. Gaut was appointed President and Chief Executive Officer, succeeding Mr. Iyyanki who resigned from such positions. In connection with Mr. Iyyanki’s resignation, he received a payment of \$2.8 million pursuant to the terms of a separation agreement, the terms of which are not materially different from the applicable terms of his employment agreement in the case of a termination without “Cause” (as defined therein).

(8) Effective March 1, 2018, Mr. Mercado was appointed to serve as Senior Vice President and Chief Financial Officer. In August 2018 he was also appointed as our Treasurer.

(9) Effective March 1, 2018, Mr. Harris retired as Chief Financial Officer and was appointed to serve as Executive Vice President – Drilling & Subsea.

(10) Prior to 2018, Mr. Williams was not a NEO.

Grants of plan-based awards for 2018

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Non-Incentive Plan Awards ⁽²⁾			All Other Stock Awards: Number of Shares of Stock ⁽³⁾⁽⁴⁾	All Other Option Awards: Number of Securities Underlying Options ⁽³⁾⁽⁵⁾	Exercise or Base Price of Option Awards ⁽⁵⁾ (\$/Share)
		Threshold (#)	Target (#)	Maximum (#)	Threshold (\$)	Target (\$)	Maximum (\$)			
C. Christopher Gaut ⁽⁷⁾					—	72,329	144,658			
	2/16/2018							12,500		
	12,19/2018							300,000		
	12/19/2018	75,000	300,000	600,000						
Prady Iyyanki					—	640,548	1,281,096			
	2/16/2018								177,020	12.00
	2/16/2018							82,670		
	2/16/2018	20,668	82,670	165,340						
Pablo G. Mercado					—	270,000	540,000			
	2/16/2018								42,830	12.00
	2/16/2018							20,000		
	2/16/2018	5,000	20,000	40,000						
James W. Harris					—	319,902	639,804			
	2/16/2018								22,840	12.00
	2/16/2018							10,670		
	2/16/2018	2,668	10,670	21,340						
James L. McCulloch					—	285,643	571,286			
	2/16/2018								42,830	12.00
	2/16/2018							20,000		
	2/16/2018	5,000	20,000	40,000						
					—	192,000	384,000			

D. Lyle Williams	2/16/2018							29,980	12.00
	2/16/2018							14,000	
	2/16/2018	3,500	14,000	28,000					
					—	180,000	360,000		
Michael D. Danford	2/16/2018							27,120	12.00
	2/16/2018							12,670	
	2/16/2018	3,168	12,670	25,340					

(1) The amounts in this column represent the estimated future payouts under the long-term incentive plan for performance awards approved by the Committee during 2018. The performance awards were granted to the Company’s executive officers and are based upon our TSR, measured over a one-, two and three-year performance period. These awards are settled in the Company’s shares of common stock upon the attainment of specified performance goals based on relative TSR. If the minimum threshold for the performance period is not met, no amount will be paid for that period. Payments are calculated by linear interpolation for performance between the threshold and target, and between the target and maximum for each component. For additional information about performance awards, please read “Compensation Discussion and Analysis — Elements of compensation for our NEOs.”

(2) These columns represent awards under our 2018 MIP. For additional information about the MIP, please read “Compensation Discussion and Analysis — Elements of compensation for our NEOs.”

(3) All awards in this column were made pursuant to our 2016 Plan. For additional information about the 2010 and 2016 Plan, please read “Compensation Discussion and Analysis — Elements of compensation for our NEOs — Long-Term Equity Based Incentives.”

(4) This column consists of restricted stock units, which vest in four equal annual installments beginning on the first anniversary of the grant date.

(5) This column consists of options to purchase our common stock granted in February 2018 and become exercisable in four equal annual installments beginning on the first anniversary of the grant date and expire on the tenth anniversary on the date of issuance. The exercise

price may be paid in cash or by tendering shares of our common stock. Applicable tax obligations may be paid in cash or by the withholding of shares of our common stock. The exercise price for these nonqualified stock options represents the closing price of our common stock on the date of grant.

(6) Represents the aggregate grant date fair value of the award computed in accordance with FASB ASC Topic 718.

50% of Mr. Gaut's 2018 stock incentive award that arose from his service as our President and Chief Executive Officer was performance based. In connection with Mr. Gaut's appointment as our President and Chief Executive Officer, he received an incentive award comprised of performance shares that are subject to our total shareholder return (50%) and restricted stock units (50%). In February 2018, prior to his appointment as our President and Chief Executive Officer, Mr. Gaut received a restricted stock unit award in connection with his service as a non-executive officer director.

Outstanding equity awards at 2018 fiscal year end

The table below sets forth awards that were granted under the 2016 Plan and prior to the adoption thereof. Expiration dates are also shown for each individual award.

	Option Awards				Stock Awards		Equity Incentive Plan Awards	
	Number of securities underlying unexercised options		Option exercise price	Option expiration date	Number of shares of stock that have not vested	Market value of shares of stock that have not vested ⁽¹⁾ (\$)	Unearned shares that have not vested ⁽²⁾ (#)	Market value of unearned shares that have not vested ⁽¹⁾ (\$)
	exercisable	unexercisable						
C. Christopher Gaut	2,002,609	—	\$7.68	8/1/2020	15,055 ⁽⁷⁾	62,177	—	—
	194,250	—	\$20.00	4/12/2022	59,905 ⁽⁸⁾	247,408		
	126,850	—	26.05	2/21/2023	37,314 ⁽⁹⁾	154,107		
	132,851	—	\$26.96	2/21/2024	12,500 ⁽¹¹⁾	51,625		
	128,032	42,678 ⁽³⁾	\$18.68	2/20/2025	300,000 ⁽¹³⁾	1,239,000		
	146,105	146,105 ⁽⁴⁾	\$9.39	2/19/2026				

27,933 83,799⁽⁵⁾ \$20.10 2/20/2027