

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  [X]

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))**

[X] 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):

[X] 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:

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

Andrew L. Waite <sup>(3)(14)</sup>	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 <sup>(1)</sup>	Number of Shares Beneficially Owned <sup>(2)</sup>	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.

<b>Skill / Qualification</b>	<b>Importance</b>
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**

<b>Name</b>	<b>Fees Earned or Paid in Cash <sup>(1)</sup> (\$)</b>	<b>Stock Awards <sup>(2)</sup> (\$)</b>	<b>Total (\$)</b>
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 <sup>(3)</sup>	190,000	150,000	340,000
Michael McShane	97,500	150,000	247,500
Franklin Myers <sup>(4)</sup>	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:

<b>Name</b>	<b>Option Awards</b>	<b>Restricted Stock Units/ Restricted Stock <sup>(1)</sup></b>
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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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)
<b>BAS</b>	Basic Energy Services, Inc.	Oil and Gas Equipment and Services	\$964.7	\$102.0
<b>BRS</b>	Bristow Group, Inc.	Oil and Gas Equipment and Services	\$1,384.4	\$87.0
<b>CLB</b>	Core Laboratories N.V.	Oil and Gas Equipment and Services	\$700.8	\$2,638.2
<b>DRQ</b>	Dril-Quip, Inc.	Oil and Gas Equipment and Services	\$384.6	\$1,074.4
<b>EXTN</b>	Exterran Corporation	Oil and Gas Equipment and Services	\$1,360.9	\$639.9
<b>FI</b>	Frank's International N.V.	Oil and Gas Equipment and Services	\$522.5	\$1,170.8
<b>HLX</b>	Helix Energy Solutions Group, Inc.	Oil and Gas Equipment and Services	\$739.8	\$801.5
<b>KEG</b>	Key Energy Services Inc.	Oil and Gas Equipment and Services	\$521.7	\$42.0
<b>OII</b>	Oceaneering International, Inc.	Oil and Gas Equipment and Services	\$1,909.5	\$1,192.2
<b>OIS</b>	Oil States International Inc.	Oil and Gas Equipment and Services	\$1,088.1	\$856.5
<b>PTEN</b>	Patterson-UTI Energy Inc.	Oil and Gas Drilling	\$3,327.0	\$2,248.1
<b>RDC</b>	Rowan Companies plc	Oil and Gas Drilling	\$824.8	\$1,066.1
<b>SPN</b>	Superior Energy Services, Inc.	Oil and Gas Equipment and Services	\$2,130.3	\$517.7
<b>TDW</b>	Tidewater Inc.	Oil and Gas Equipment and Services	\$406.5	\$694.6



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

<b>Ticker</b>	<b>Name</b>	<b>Primary Industry</b>
<b>DRQ</b>	Dril-Quip Inc.	Oil & Gas Equipment and Services
<b>EXTN</b>	Exterran Corporation	Oil & Gas Equipment and Services
<b>FTI</b>	TechnipFMC plc	Oil & Gas Equipment and Services
<b>HTG.L</b>	Hunting plc	Oil & Gas Equipment and Services
<b>NOV</b>	National Oilwell Varco Inc.	Oil & Gas Equipment and Services
<b>OII</b>	Oceaneering International Inc.	Oil & Gas Equipment and Services
<b>OIS</b>	Oil States International Inc.	Oil & Gas Equipment and Services
<b>SPN</b>	Superior Energy Services, Inc.	Oil & Gas Equipment and Services
<b>OSX</b>	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**

<b>Ticker</b>	<b>Name</b>	<b>Primary Industry</b>	<b>2018 Revenue (\$MM)</b>	<b>12/31/18 Mkt Cap (\$MM)</b>
<b>APY</b>	Apergy Corporation	Oil & Gas Equipment and Services	\$1,216.6	\$2,094.4
<b>WHD</b>	Cactus, Inc.	Oil & Gas Equipment and Services	—	\$1,031.9
<b>DRQ</b>	Dril-Quip Inc.	Oil & Gas Equipment and Services	\$384.6	\$1,074.4
<b>EXTN</b>	Exterran Corporation	Oil & Gas Equipment and Services	\$1,360.9	\$639.9
<b>FTI</b>	TechnipFMC plc	Oil & Gas Equipment and Services	\$12,552.9	\$8,818.5
<b>HTG.L</b>	Hunting plc	Oil & Gas Equipment and Services	\$911.4	\$789.2
<b>NOV</b>	National Oilwell Varco Inc.	Oil & Gas Equipment and Services	\$8,453.0	\$9,852.5
<b>OII</b>	Oceaneering International Inc.	Oil & Gas Equipment and Services	\$1,909.5	\$1,192.2
<b>OIS</b>	Oil States International Inc.	Oil & Gas Equipment and Services	\$1,088.1	\$856.5
<b>SPN</b>	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
<b>C. Christopher Gaut</b> <sup>(1)</sup>	675,000	750,000	11%	750,000	—
<b>Prady Iyyanki</b> <sup>(2)</sup>	650,000	700,000	8%	N/A	N/A
<b>Pablo G. Mercado</b> <sup>(3)</sup>	300,000	360,000	20%	410,000	13.8%
<b>James W. Harris</b>	399,877	399,877	—	N/A	N/A
<b>James L. McCulloch</b> <sup>(4)</sup>	346,653	357,053	3%	160,000	(55.2)%
<b>D. Lyle Williams</b> <sup>(5)</sup>	N/A	320,000	N/A	320,000	—
<b>Michael D. Danford</b>	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:

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

<b>Performance Measure</b>	<b>Weighting</b>
<b>EBITDA</b>	60%
<b>Inventory Turns</b>	20%
<b>Personal Performance Award</b>	10%
<b>Safety Performance</b>	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.

<b>Performance Measure</b>	<b>2018 Target</b>	<b>2018 Achievement</b>	<b>Percent of Target Earned</b>	<b>Times Weight</b>	<b>Equals Weighted Percent of Target Earned</b>
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%
<b>TOTAL</b>					<b>48%</b>

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.

<b>Executive</b>	<b>MIP Target (\$)</b>	<b>MIP Payment (\$)</b>	<b>MIP Payment as % of Target</b>	<b>2018 Payment as % of Base Salary at 12/31/2018</b>
<b>C. Christopher Gaut</b> <sup>(1)</sup>	72,329	35,007	48%	5%
<b>Prady Iyyanki</b> <sup>(1)</sup>	640,548	310,025	48%	N/A
<b>Pablo G. Mercado</b> <sup>(2)</sup>	270,000	130,680	48%	36%
<b>James W. Harris</b>	319,902	191,621	60%	48%
<b>James L. McCulloch</b>	285,643	138,251	48%	39%
<b>D. Lyle Williams</b>	192,000	92,928	48%	29%
<b>Michael D. Danford</b>	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 <sup>(1)</sup>		
			CEO	2018	2019
<b>Stock Options</b>	Only has value if stock price appreciates	25% annually for four years	—	33%	—
<b>Time-Vested Restricted Stock Units</b>	Final value varies with stock price	25% annually for four years	50%	33%	50%
<b>Performance Shares</b>	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		<b>2018 Performance Share Award Earned 33</b>			
	<b>2018 Performance Share Award</b>	<b>1/3</b>	<b>2018 Performance Share Award Earned 33</b>		
			<b>1/3</b>	<b>2018 Performance Share Award Earned 33</b>	
				<b>1/3</b>	
	<b>2018 Time-Vested Restricted Stock Units</b>	<b>2018 Restricted Stock Units</b>	<b>2018 Restricted Stock Units</b>	<b>2018 Restricted Stock Units</b>	<b>2018 Restricted Stock Units</b>
		<b>1/4 Vested</b>	<b>1/4 Vested</b>	<b>1/4 Vested</b>	<b>1/4 Vested</b>
	<b>2018 Time-Vested Stock Options</b>	<b>2018 Stock Options</b>	<b>2018 Stock Options</b>	<b>2018 Stock Options</b>	<b>2018 Stock Options</b>

**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.

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

<b>Executive</b>	<b>Stock Option Awards</b>	<b>Restricted Stock Unit Awards</b>	<b>Performance Share Awards <sup>(1)</sup></b>	<b>Grant Date Value (\$)</b>
<b>C. Christopher Gaut <sup>(2)</sup></b>	—	312,500	300,000	2,858,550
<b>Prady Iyyanki</b>	177,020	82,670	82,670	2,892,082
<b>Pablo G. Mercado</b>	42,830	20,000	20,000	699,694
<b>James W. Harris</b>	22,840	10,670	10,670	373,235
<b>James L. McCulloch</b>	42,830	20,000	20,000	699,694
<b>D. Lyle Williams</b>	29,980	14,000	14,000	489,781
<b>Michael D. Danford</b>	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 <sup>(1)</sup>	Grant Date Value (\$)
<b>C. Christopher Gaut</b>	113,809	113,809	1,849,237
<b>Prady Iyyanki</b>	N/A	N/A	N/A
<b>Pablo G. Mercado</b>	66,388	66,388	1,078,712
<b>James W. Harris</b>	N/A	N/A	N/A
<b>James L. McCulloch(2)</b>	36,419	—	240,001
<b>D. Lyle Williams</b>	39,833	39,833	647,230
<b>Michael D. Danford</b>	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:

<b>Officer</b>	<b>Multiple</b>
<b>CEO</b>	6x
<b>Executive Vice Presidents</b>	4x
<b>Corporate Senior Vice Presidents</b>	3x
<b>Other Section 16 Officers</b>	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**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (1) (\$)</b>	<b>Bonus (\$)</b>	<b>Performance Share Awards (2) (\$)(A)</b>	<b>Restricted Stock / Restricted Stock Unit Awards (3) (\$)(B)</b>	<b>Stock Awards (4) (\$)(A+B)</b>	<b>Option Awards (3) (\$)</b>	<b>Non-Equity Incentive Plan Comp (1)(5) (\$)</b>	<b>All Other Comp (6) (\$)</b>	<b>Total (\$)</b>
<b>C. Christopher Gaut</b> <sup>(7)</sup>	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
<b>Prady Iyyanki</b> <sup>(7)</sup>	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
<b>Pablo Mercado</b> <sup>(8)</sup>	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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<b>James W. Harris</b>	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) <sup>(9)</sup>	2016	362,965	—	269,246	300,011	569,256	299,992	103,740	5,653	1,341,607
<b>James L. McCulloch</b>	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
<b>D. Lyle Williams</b>										
Sr. Vice President— Operations <sup>(10)</sup>	2018	319,143	—	160,788	168,000	328,788	160,993	92,928	10,943	912,795
<b>Michael D. Danford</b>	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 <sup>(1)</sup>			Estimated Future Payouts Under Non-Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock <sup>(3)(4)</sup>	All Other Option Awards: Number of Securities Underlying Options <sup>(3)(5)</sup>	Exercise or Base Price of Option Awards <sup>(5)</sup> (\$/Share)
		Threshold (#)	Target (#)	Maximum (#)	Threshold (\$)	Target (\$)	Maximum (\$)			
<b>C. Christopher Gaut</b> <sup>(7)</sup>					—	72,329	144,658			
	2/16/2018							12,500		
	12,19/2018							300,000		
	12/19/2018	75,000	300,000	600,000						
<b>Prady Iyyanki</b>					—	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						
<b>Pablo G. Mercado</b>					—	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						
					—	319,902	639,804			
<b>James W. Harris</b>	2/16/2018								22,840	12.00
	2/16/2018							10,670		
	2/16/2018	2,668	10,670	21,340						
					—	285,643	571,286			
<b>James L. McCulloch</b>	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			

<b>D. Lyle Williams</b>	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		
<b>Michael D. Danford</b>	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		Option exercise price	Option expiration date	Stock Awards		Equity Incentive Plan Awards	
	Number of securities underlying unexercised options				Number of shares of stock that have not vested	Market value of shares of stock that have not vested <sup>(1)</sup> (\$)	Unearned shares that have not vested <sup>(2)</sup> (#)	Market value of unearned shares that have not vested <sup>(1)</sup> (\$)
	exercisable	unexercisable						
<b>C. Christopher Gaut</b>	2,002,609	—	\$7.68	8/1/2020	15,055 <sup>(7)</sup>	62,177	—	—
	194,250	—	\$20.00	4/12/2022	59,905 <sup>(8)</sup>	247,408		
	126,850	—	26.05	2/21/2023	37,314 <sup>(9)</sup>	154,107		
	132,851	—	\$26.96	2/21/2024	12,500 <sup>(11)</sup>	51,625		
	128,032	42,678 <sup>(3)</sup>	\$18.68	2/20/2025	300,000 <sup>(13)</sup>	1,239,000		
	146,105	146,105 <sup>(4)</sup>	\$9.39	2/19/2026				
	27,933	83,799 <sup>(5)</sup>	\$20.10	2/20/2027				



<b>Prady Iyyanki</b> (14)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Pablo G. Mercado</b>	30,700	—	\$15.35	12/2/2021	1,695 (7)	7,000	—	—
	27,380	—	\$20.00	4/12/2022	6,745 (8)	27,857		
	14,270	—	\$26.05	2/21/2023	4,727 (9)	19,523		
	14,959	—	\$26.96	2/21/2024	4,500 (12)	18,585		
	14,415	4,805 <sup>(3)</sup>	\$18.68	2/20/2025	20,000 (10)	82,600		
	16,450	16,450 <sup>(4)</sup>	\$9.39	2/19/2026				
	3,538	10,615 <sup>(5)</sup>	\$20.10	2/20/2027				
	—	42,830 <sup>(6)</sup>	\$12.00	2/16/2028				
<b>James W. Harris</b>	172,000	—	\$7.68	8/1/2020	15,975 <sup>(8)</sup>	65,977	—	—
	21,053	—	\$7.68	11/29/2020				
	9,509	—	\$15.35	12/7/2021				
	58,460	—	\$20.00	4/12/2022				
	31,710	—	\$26.05	2/21/2023				
	35,427	—	\$26.96	2/21/2024				
	34,140	11,380 <sup>(3)</sup>	\$18.68	2/20/2025				
	38,960	38,960 <sup>(4)</sup>	\$9.39	2/19/2026				
	9,311	27,933 <sup>(5)</sup>	\$20.10	2/20/2027				
	—	22,840 <sup>(6)</sup>	\$12.00	2/16/2028				
<b>James L. McCulloch</b>	116,500	—	\$7.68	10/25/2020	2,900 <sup>(7)</sup>	11,977	—	—
	48,470	—	\$20.00	4/12/2022	11,535 <sup>(8)</sup>	47,640		
	25,770	—	\$26.05	2/21/2023	9,329 <sup>(9)</sup>	38,529		
	25,587	—	\$26.96	2/21/2024	20,000 <sup>(10)</sup>	82,600		
	24,660	8,220 <sup>(3)</sup>	\$18.68	2/20/2025				
	28,140	28,140 <sup>(4)</sup>	\$9.39	2/19/2026				
	6,983	20,950 <sup>(5)</sup>	\$20.10	2/20/2027				

	Option Awards		Option exercise price	Option expiration date	Stock Awards		Equity Incentive Plan Awards	
	Number of securities underlying unexercised options				Number of shares of stock that have not vested	Market value of shares of stock that have not vested <sup>(1)</sup> (\$)	Unearned shares that have not vested <sup>(2)</sup> (#)	Market value of unearned shares that have not vested <sup>(1)</sup> (\$)
	exercisable	unexercisable						
	—	42,830 <sup>(6)</sup>	\$12.00	2/16/2028				
<b>D. Lyle Williams</b>	44,300	—	\$7.68	8/1/2020	1,338 <sup>(7)</sup>	5,526	—	—
	4,995	—	\$17.84	2/28/2022	6,745 <sup>(8)</sup>	27,857		
	31,080	—	\$20.00	4/12/2022	4,727 <sup>(9)</sup>	19,523		
	11,377	3,793 <sup>(3)</sup>	\$18.68	2/21/2025	5,244 <sup>(12)</sup>	21,658		
	16,450	16,450 <sup>(4)</sup>	\$9.39	2/19/2026	14,000 <sup>(10)</sup>	57,820		
	3,538	10,615 <sup>(5)</sup>	\$20.10	2/20/2027				
	—	29,980 <sup>(6)</sup>	\$12.00	2/16/2028				
<b>Michael D. Danford</b>	74,000	—	\$7.68	8/1/2020	1,695 <sup>(7)</sup>	7,000	—	—
	27,380	—	\$20.00	4/12/2022	6,745 <sup>(8)</sup>	27,857		
	14,270	—	\$26.05	2/21/2023	5,970 <sup>(9)</sup>	24,656		
	14,959	—	\$26.96	2/21/2024	12,670 <sup>(10)</sup>	52,327		
	14,415	4,805 <sup>(3)</sup>	\$18.68	2/20/2025				
	16,450	16,450 <sup>(4)</sup>	\$9.39	2/19/2026				
	4,469	13,408 <sup>(5)</sup>	\$20.10	2/19/2027				
	—	27,120 <sup>(6)</sup>	\$12.00	2/16/2028				

(1) Amounts in this column were calculated by assuming a market value of our common stock of \$4.13 per share, the closing price of our common stock on December 31, 2018.

(2) The number of unearned performance share awards and market value of unearned performance share awards disclosed in these columns assume that each unearned performance share award grant is paid out at the threshold level of performance in our common stock using the closing share price on December 31, 2018, except where the performance during the completed fiscal years over which performance for each grant is measured has exceeded the threshold, in which case the amounts are based on the next higher performance measure (target or maximum). Performance unit award grants are based upon a three-year cycle with vesting

at the end of the cycle. The performance awards may only be settled in common stock.

- (3) Options vested on February 20, 2019.
- (4) Options vest annually in equal installments over a two-year period on each of February 19, 2019 and 2020.
- (5) Options vest annually in equal installments over a three-year period on each of February 20, 2019, 2020 and 2021.
- (6) Options vest annually in equal installments over a four-year period on each of February 16, 2019, 2020, 2021 and 2022.
- (7) Restricted stock units vested on February 20, 2019.
- (8) Restricted stock vest annually in equal installments over a two-year period on each of February 19, 2019 and 2020.
- (9) Restricted stock units vest annually in equal installments over a three-year period on each of February 20, 2019, 2020 and 2021.
- (10) Restricted stock units vest annually in equal installments over a four-year period on each of February 16, 2019, 2020, 2021 and 2022.
- (11) Restricted stock units vested on February 16, 2019.
- (12) Restricted stock units vest over a three-year period on each of June 1, 2019, 2020, and 2021.
- (13) Restricted stock units vest over a three-year period on each of December 19, 2019, 2020 and 2021.

(14) In connection with Mr. Iyyanki's resignation as our President and Chief Executive Officer, and a member of our board of directors, he surrendered all unvested restricted stock, restricted stock units, options and performance shares.

**Options exercised and stock vested in the 2018 fiscal year**

Values shown in the table below were calculated by multiplying the number of shares of restricted stock or restricted stock units that vested by the market value of our common stock on the date of vesting and stock options exercised by the difference between the market value of our common stock on the date of exercise and the exercise price of such stock options.

	<b>Stock Awards</b>		<b>Option Awards</b>	
	<b>Number of shares acquired on vesting</b>	<b>Value realized on vesting</b>	<b>Number of shares acquired on vesting</b>	<b>Value realized upon exercise</b>
<b>C. Christopher Gaut</b>	67,878	\$ 796,948	—	—
<b>Prady Iyyanki</b>	61,995	\$ 854,237	—	—
<b>Pablo G. Mercado</b>	9,318	\$ 112,832	—	—
<b>James W. Harris</b>	46,051	\$ 578,737	—	—
<b>James L. McCulloch</b>	13,787	\$ 161,735	—	—
<b>D. Lyle Williams</b>	9,282	\$ 113,717	—	—
<b>Michael D. Danford</b>	8,233	\$ 96,550	—	—

**CEO Pay Ratio**

As mandated by the Dodd-Frank Act, Item 402(u) of Regulation S-K requires us to disclose the ratio of the compensation of our Chief Executive Officer to the total compensation of our median employee. We believe our executive compensation program must be consistent and internally equitable to motivate our employees to perform in ways that enhance shareholder value.

We had two individuals in the role of chief executive officer during 2018. We elected to use the compensation of Mr. Gaut, the current Chief Executive Officer, for purposes of determining the pay ratio. Mr. Gaut became Chief Executive Officer in November 2018, after previously serving as the Chairman of the Board. In determining Mr. Gaut's compensation, we adjusted the compensation reported on the Summary Compensation Table to reflect his compensation as if he were Chief Executive Officer for the full calendar year by increasing his base salary and 2018 MIP bonus as if he were Chief Executive Officer effective January 1, 2018. The base salary and 2018 MIP bonus used was annualized at the full year Chief Executive Officer aggregate rate of \$1,149,300. For purposes of calculating the pay ratio, this resulted in total annualized compensation of \$3,867,736 for Mr. Gaut as opposed to the amount shown on Summary Compensation Table of \$3,182,564.

We identified our median employee by: (i) calculating the annual total compensation described below for each of our employees, (ii) ranking the annual total compensation of all employees, except for the Chief Executive Officer, from lowest to highest, and (iii) selecting the median employee from that ranked list. Our median employee, excluding Mr. Gaut, had 2018 annual total compensation of \$57,138. As a result, the ratio of Mr. Gaut's 2018 total annualized compensation to our median employee's 2018 total annual compensation was approximately 68 to 1.

For purposes of determining the median of the total annual compensation of all employees of the Company and its consolidated subsidiaries for the year ended December 31, 2018, excluding our Chief Executive Officer, the applicable SEC rules require us to identify the median employee by using either annual total compensation for all such employees or another consistently applied compensation measure. We chose December 31, 2018 as the date to identify our median employee. We included all employees of the Company and its consolidated subsidiaries as of December 31, 2018, whether employed on a full-time, part-time or seasonal basis and whether employed in the U.S. or a non-U.S. jurisdiction. We applied the exchange ratio published by Thomson Reuters on December 31, 2018 to convert compensation paid in foreign currencies to U.S. Dollars. We did not use statistical sampling or include any cost of living adjustments for purposes of this determination.

After identifying the median employee based on the process described above, we calculated annual total compensation for that employee in the same manner as for the "Total Compensation" shown for our Chief Executive Officer in the "Summary Compensation Table." Pay elements that were included in the annual total compensation for each employee are:

Salary earned in fiscal year 2018; and

Non-equity incentive awards received in fiscal year 2018.

We believe that the above pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K. In addition, because the SEC rules for identifying the median employee allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above. Other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

### **Pension benefits**

We maintain a 401(k) Plan for our employees, including our NEOs, but our NEOs do not participate in a defined benefit pension plan.

### **Non-qualified deferred compensation**

In 2013, we adopted a non-qualified deferred compensation plan that permits eligible participants, including our NEOs, to make contributions (and to receive matching contributions) in excess of the Internal Revenue Code limitations. In February 2015, the Compensation Committee determined it was appropriate to suspend matching contributions on participant deferrals under the deferred compensation plan. Such suspension of matching contributions continues to be in effect.

The plan provides that a participant 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 recommends to the board of directors annually 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 prior matching contributions as a result of having satisfied the service requirements. Benefits under the plan are paid upon termination of employment in a cash lump sum or in annual installments over a period not longer than five years, as the participant elects. The Compensation Committee is responsible for administering this plan.

Upon a “change of control” within the meaning of the 2016 Plan, all account balances will be fully vested.

The following table provides detail with respect to each defined contribution that provides for the deferral of compensation on a basis that is not tax-qualified:

Name	Aggregate Balance at Fiscal Year Beginning	Executive Contributions in Last Fiscal Year <sup>(1)</sup> (\$)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year <sup>(2)</sup> (\$)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year End
<b>C. Christopher Gaut</b>	2,143,685	455,108	—	175,283	—	2,774,076
<b>Prady Iyyanki</b>	—	265,846	—	9,470	—	275,316
<b>Pablo G. Mercado</b>	15,571	—	—	986	1,564	14,992
<b>James W. Harris</b>	1,027,236	85,425	—	76,204	—	1,188,865
<b>James L. McCulloch</b>	—	—	—	—	—	—
<b>D. Lyle Williams</b>	129,659	—	—	9,076	—	138,735
<b>Michael D. Danford</b>	161,077	43,116	—	13,478	—	217,672

(1) The amounts disclosed in this column are included in the “Salary” column for each NEO in the Summary Compensation Table.

(2) The amounts disclosed in this column represent earnings on invested funds in each NEO’s individual deferred compensation account.

#### Employment agreements and severance agreements

On February 16, 2018, Messrs. Mercado and Danford entered into severance agreements with us. On September 1, 2018, Mr. Williams entered into a severance agreement with us. On December 19, 2018, Mr. Gaut entered into a severance agreement with us, which superseded his prior employment agreement dated February 16, 2018. We entered into an employment agreement with Mr. McCulloch effective October 25, 2010. Our employment agreement and severance agreements as a matter of policy do not provide for excise tax protections in the event of a change in control.

We entered into a Retirement Agreement with Mr. Harris effective July 31, 2018. On December 6, 2018, we entered into a Separation Agreement with Mr. Iyyanki in connection with his resignation as our President and Chief Executive Officer, and as a member of the board of directors.

The employment agreement for Mr. McCulloch automatically extends for one-year periods on the anniversary of the effective date unless either party gives sixty days prior written notice of its intention to not renew the term of employment. The employment term can also be terminated at any time upon prior written notice by us or the executive. The employment agreement provides that the annual base salary for Mr. McCulloch will not be reduced, subject to certain exceptions. Mr. McCulloch will be eligible to participate in, and may be awarded an annual bonus under, our annual cash incentive bonus program if certain performance targets are met for the performance period, which is expected to be each calendar year.

Under the employment and each of the severance agreements, if the executive's employment is terminated for good reason, by notice of non-renewal by us, in the case of the employment agreement, or by our action for any reason other than the executive's death or disability or for cause, subject to the executive's execution and nonrevocation of a release within the period specified in the applicable agreement, the executive will be entitled to receive certain severance payments and benefits from us. Please see the "Potential payments upon termination and change in control" section below for a more detailed description of the terms and payments provided under each of the employment and severance agreements upon certain terminations of employment.

### **Potential payments upon termination and change in control**

The severance agreement and employment agreement we maintain with our NEOs will provide them with severance benefits upon certain terminations of employment, and the individual award agreements that govern our stock option, restricted stock awards and performance shares under the applicable incentive plan contain accelerated vesting provisions that will apply upon a Change in Control (as defined below).

Under Messrs. Gaut's, Mercado's, Williams's and Danford's severance agreements, and Mr. McCulloch's employment agreement, if the individual incurs a qualifying termination event (as defined in the severance agreement), he will be entitled to receive the following benefits: (1) a lump sum payment of an amount equal to two (or three if the termination is within two years after a change in control) multiplied by the sum of (A) his annual base salary at the time of the termination plus (B) his annual base salary multiplied by his highest target bonus opportunity in the year of termination or the two preceding years; (2) a lump sum payment of an amount equal to his unpaid bonus for the prior calendar year, if any, payable at the same time such bonus is paid to active executives; (3) a lump sum payment of an amount equal to his bonus for the calendar year in which his termination occurs, if any, based on the applicable performance criteria, prorated through and including the date of termination, payable at the same time as such bonus is paid to active executives; and (4) if he elects COBRA continuation coverage for himself and his eligible dependents, monthly reimbursement of the differential between the COBRA premium and the active executive contribution



amount for such coverage under the Company's group health plans for up to eighteen months.

The severance agreements and employment agreement provide that the "severance multiple" in clause (1) above is two unless the individual's termination of employment occurs on or within two years after the occurrence of a Change in Control, in which case the "severance multiple" is three. The agreements provide that any payments or benefits to which the executive may be entitled (whether under the agreement or otherwise), which would be subject to a parachute payment excise tax under Section 4999 of the Code will be reduced to an amount that would no longer create a parachute payment or be paid in full, whichever produces the better net after-tax position for the executive. If the executive is terminated for any reason other than those described above, the applicable agreement states that the executive will continue to receive his compensation and benefits to be provided by us until the date of termination, and the compensation and benefits will terminate contemporaneously with the termination of his employment. Under the terms of the applicable agreements, subject to certain exceptions, the executives may not compete in the market in which we and our respective affiliates engage during his employment and for two years following the termination of his employment.

The agreements define the term "Good Reason" as any of the following events: (1) a material decrease in annual base salary (other than as part of a decrease of up to 10% for all of our executive officers); (2) a material diminution in the executive's authority, duties or responsibilities (other than certain changes in management structure primarily affecting reporting responsibility); or (3) an involuntary relocation of the geographic location of the executive's principal place of employment by more than 75 miles. "Disability" is generally defined as an executive's inability to perform his duties or fulfill his obligations under the employment agreement by reason of any physical or mental impairment for a continuous period of not less than three months. The agreements state that a termination for "Cause" will occur when the executive has (a) engaged in gross negligence or willful misconduct in the performance of his duties with respect to us, (b) materially breached any material provision of his agreement or any written corporate policy, (c) willfully engaged in conduct that is materially injurious to us or (d) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude.

Mr. Harris's Retirement Agreement does not provide for severance benefits. Pursuant to Mr. Iyyanki's separation agreement, he received a cash payment of \$2.8 million. The material terms of such agreement were not different from the applicable terms of Mr. Iyyanki's employment agreement, in the case of a termination without "Cause."

In terms of the severance benefits payable to our NEOs under the circumstances described above that are based on the "severance multiple," the following table sets out the formula for determining the amount of such benefits for the NEOs under the agreements, as described above.

<b>Executive</b>	<b>Base salary as of December 31, 2018 ("B")</b>	<b>2018 annual bonus target ("T") as a percent of base</b>	<b>Severance amount for termination not within 2 years after a change in control</b>	<b>Severance amount for termination within 2 years after a change in control</b>
<b>C. Christopher Gaut</b>	\$750,000	110	2 times (B+T)	3 times (B+T)
<b>Prady Iyyanki</b>	N/A	N/A	N/A	N/A
<b>Pablo G. Mercado</b>	\$360,000	75	2 times (B+T)	3 times (B+T)
<b>James W. Harris</b>	N/A	N/A	N/A	N/A
<b>James L. McCulloch</b>	\$357,053	80	2 times (B+T)	3 times (B+T)
<b>D. Lyle Williams</b>	\$320,000	80	2 times (B+T)	3 times (B+T)
<b>Michael D. Danford</b>	\$300,000	60	2 times (B+T)	3 times (B+T)

"Change in Control" is generally defined in the employment agreements to occur upon (1) the acquisition by an individual, entity or group (within the meaning of the Exchange Act) of the beneficial ownership of fifty percent or more of either (a) our then outstanding shares of common stock, or (b) the combined voting power of our then outstanding voting securities entitled to vote in our election of directors; (2) the date the individuals who, immediately following the time when our stock became publicly traded, constitute our board of directors (and certain approved individuals who become directors after such time) cease to constitute a majority of the board of directors; or (3) the consummation of a corporate transaction (merger, reorganization, consolidation or a sale of all or substantially all of our assets) unless, following that transaction, all or substantially all of the individuals and entities that were the beneficial owners of our outstanding common stock and outstanding voting securities prior to the transaction still beneficially own more than fifty percent of those shares of common stock or voting power of the resulting entity following the transaction and at least a majority of the members of the board of directors of the ultimate parent entity resulting from the transaction were members of our board of directors at the time of the execution of the agreement that led to the transaction.

The restricted stock, restricted stock unit and stock option award agreements under our 2010 Plan have accelerated vesting provisions in the event of a Change in Control that is followed by a termination of employment under certain circumstances. If a Change in Control and qualifying termination of employment occurs during the period of time that

the award is still outstanding, any unvested portion of the award will immediately vest. With respect to the performance share awards, in the event of a Change in Control (as defined in the 2010 Plan) all performance share awards will vest and be earned at the target level for each applicable performance period.

### *Quantification of payments*

The table below discloses the amount of compensation and/or benefits due to our NEOs in the event of their termination of employment and/or in the event we undergo a Change in Control. The amounts disclosed assume such termination and/or the occurrence of such Change in Control was effective December 31, 2018, and uses the closing price of our common stock on that date. The column titled “Termination without cause, for good reason or due to non-extension by company not within a two-year period following a change in control” utilizes the two times (B+T) formula above while the column titled “Termination without cause, for good reason or due to non-extension by company within a two-year period following a change in control” utilizes the three times (B+T) formula. COBRA premiums reflected below are based upon the monthly premiums in effect for each of the NEOs with respect to medical, dental and vision expenses effective as of January 1, 2019 for a period of eighteen months. The amounts below constitute estimates of the amounts that would be paid out to our NEOs upon their respective terminations and/or upon a Change in Control under such arrangements, but final amounts can only be determined with certainty upon the actual event. The actual amounts to be paid out are dependent on various factors, which may or may not exist at the time a NEO is actually terminated and/or a Change in Control actually occurs. Therefore, such amounts and disclosures should be considered “forward-looking statements.”

NEO	Termination due to death or disability (\$)	Termination without cause, for good reason or due to non-extension by company not within a two-year period following a change in control (\$)	Termination without cause, for good reason or due to non-extension by company within a two-year period following a change in control (\$)	Change in control without termination (\$)
<b>C. Christopher Gaut</b>				
Salary	N/A	1,500,000	2,250,000	—
Bonus Amounts	N/A	1,650,000	2,475,000	—
COBRA Premiums	N/A	20,908	20,908	—
Accelerated Equity Vesting (1)	644,491	N/A	3,295,236	3,295,236
<i>Total</i>	644,491	3,170,908	8,041,144	3,295,236]
<b>Prady Iyyanki</b>				
Salary	—	—	—	—
Bonus Amounts	—	—	—	—
COBRA Premiums	—	—	—	—
Accelerated Equity Vesting (1)	—	—	—	—
<i>Total</i>	—	—	—	—
<b>Pablo G. Mercado</b>				
Salary	N/A	720,000	1,080,000	—
Bonus Amounts	N/A	432,000	648,000	—
COBRA Premiums	N/A	—	—	—
Accelerated Equity Vesting (1)	136,273	N/A	274,087	274,087
<i>Total</i>	136,273	1,152,000	2,002,087	274,087
<b>James W. Harris</b>				
Salary	—	—	—	—
Bonus Amounts	—	—	—	—
COBRA Premiums	—	—	—	—
Accelerated Equity Vesting (1)	—	—	—	—
<i>Total</i>	—	—	—	—
<b>James L. McCulloch</b>				

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Salary	N/A	714,106	1,071,159	—
Bonus Amounts	N/A	571,285	856,927	—
COBRA Premiums	N/A	14,605	14,605	—
Accelerated Equity Vesting (1)	182,400	N/A	329,351	329,351
<i>Total</i>	182,400	1,299,996	2,272,042	329,351
<b>D. Lyle Williams</b>				
Salary	N/A	640,000	960,000	—
Bonus Amounts	N/A	384,000	576,000	—
COBRA Premiums	N/A	—	—	—
Accelerated Equity Vesting (1)	117,476	N/A	226,126	226,126
<i>Total</i>	117,476	1,024,000	1,762,126	226,126

NEO	Termination due to death or disability (\$)	Termination without cause, for good reason or due to non-extension by company not within a two-year period following a change in control (\$)	Termination without cause, for good reason or due to non-extension by company within a two-year period following a change in control (\$)	Change in control without termination (\$)
<b>Michael D. Danford</b>				
Salary	N/A	600,000	900,000	—
Bonus Amounts	N/A	360,000	540,000	—
COBRA Premiums	N/A	12,583	12,583	—
Accelerated Equity Vesting <sup>(1)</sup>	112,130	N/A	204,654	204,654
<i>Total</i>	112,130	972,583	1,657,237	204,654
<b>Total</b>	1,192,769	7,619,497	15,794,636	4,329,454

Calculated based on (i) the difference between the closing price of our common stock on December 31, 2018 (\$4.13) and the exercise price of unvested stock options as of such date, in the case of stock options, and (ii) the closing price of our common stock on December 31, 2018 (\$4.13), in the case of restricted stock, restricted stock units or performance shares.

<sup>(2)</sup> Each of our NEO's compensation may be reduced such that no portion of such amounts and benefits received are subject to an excise tax under Section 4999 of the Code.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information about our common stock that may be issued under our existing equity compensation plan as of December 31, 2018.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	4,850,143	\$ 12.25	3,374,388 <sup>(2)</sup>
Equity compensation plans not approved by security holders	—	—	—
Total	4,850,143	\$ 12.25	3,374,388

(1) Consists of the 2016 Plan and the Employee Stock Purchase Plan.

Shares remaining available for issuance under the 2016 Plan with respect to awards (other than outstanding awards) could be issued in the form of stock options, stock appreciation rights, stock awards and stock units. From January 1, 2019 through March 20, 2019, we have issued an additional 1,497,839 awards under the 2016 Plan in the form of restricted stock units, restricted stock and performance shares assuming achievement of targets set by the board of directors. In 2018, we issued 284,399 shares of common stock under our Employee Stock Purchase Plan.

**PROPOSAL 3: APPROVAL OF THE FORUM ENERGY TECHNOLOGIES, INC. AMENDED AND RESTATED 2016 STOCK AND INCENTIVE PLAN**

Our board of directors has unanimously adopted a resolution to submit to a vote of our stockholders the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan, as amended and restated and adopted by our board of directors on February 15, 2019 contingent upon stockholder approval (the “Amended 2016 Plan”), as set forth in Appendix B to this proxy statement. The Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan (the “2016 Plan”) was approved by stockholders at the 2016 annual meeting to preserve tax deductions available under section 162(m) of the Internal Revenue Code. At that time, we did not seek approval for additional shares beyond those previously approved by our stockholders in 2010. The Amended 2016 Plan replenishes the pool of shares of our common stock available for issuance by adding 2,900,000 shares.

As of March 20, 2019, the 2016 Plan had 1,391,584 shares of our common stock available for future awards. The shares to be added under the Amended 2016 Plan are expected to satisfy our long-term incentive compensation needs at least through the 2021 annual meeting of stockholders. This being the case, if the Amended 2016 Plan is approved, we would anticipate seeking the authorization of additional shares under the Stock and Incentive Plan at the earliest in 2021.

**In addition to adding 2,900,000 shares to the 2016 Plan, the Amended 2016 Plan has been revised (i) to include an aggregate equity and cash compensation limit, whether paid pursuant to the Amended 2016 Plan or otherwise, applicable to non-employee directors, (ii) to contain a prohibition against “liberal share counting” or “liberal share recycling”, (iii) to prohibit the actual payout of dividends (or dividend equivalents) on unvested equity awards, and (iv) to include an explicit recoupment or clawback feature, for cash or equity awards to executive officers, that is tied to a financial restatement resulting from fraud or willful misconduct.** The Amended 2016 Plan also contains the following important features:

- (1) Stock options and stock appreciation rights may not have an exercise price less than fair market value on the date of grant and may not have an exercise period in excess of 10 years;

- The exercise price of an option or stock appreciation right may not be reduced nor may an option or stock
- (2) appreciation right be exchanged for cash, an option or stock appreciation right with a lower exercise price or a new award without prior stockholder approval;

- Awards under the Amended 2016 Plan payable in shares of common stock are subject to a minimum restricted
- (3) period or vesting period of one year, provided that five percent of shares available for award are not subject to such minimum vesting or restriction period;

- (4)



The Amended 2016 Plan does not provide for automatic single-trigger vesting upon a change in control; rather, the Amended 2016 Plan provides for double trigger vesting such that awards automatically vest only if a participant is involuntarily terminated without cause or terminates with good reason within two years after a change in control; and

- (5) Awards under the Amended 2016 Plan are subject to Forum’s Stock Ownership Requirements Policy.

### Historical Grant Practices

The following is a summary of options and full-value shares granted over the last three fiscal years:

<b>Year</b>	<b>Options</b>	<b>Full-Value Shares</b>	<b>Weighted Avg. Shares Outstanding</b>
<b>2018</b>	504,930	1,750,495	108,770,744
<b>2017</b>	278,958	1,638,843	98,688,873
<b>2016</b>	818,620	1,521,302	91,226,300

As of March 20, 2019, the Company had 5,727,924 vested and unvested options outstanding with a weighted average exercise price of \$12.39 and weighted average remaining term of 3.4 years, and 3,655,737 unvested restricted stock units or restricted stock awards outstanding. In addition, as of March 20, 2019, we had 109,908,072 common shares outstanding. We do not have any convertible equity, convertible debt or warrants outstanding.

In November 2018, Mr. C. Christopher Gaut was appointed as our President and Chief Executive Officer. In connection with his appointment as our principal executive officer, Mr. Gaut was granted 300,000 performance shares with a performance period of three years and 300,000 restricted stock units vesting equally over three years. Similarly, in February 2019, Mr. Gaut received an

annual long-term incentive award. 50% of such award was in the form of performance shares, with a performance period of three years, and 50% was in the form of restricted stock units vesting equally over three years. No options were granted to Mr. Gaut in 2018.

### **Vote Required and Board Recommendation**

If the votes cast in person or by proxy at the annual meeting in favor of Proposal 3 exceed the votes cast opposing the proposal, the Amended 2016 Plan will be approved; provided that votes representing more than 50% of Forum's outstanding shares of common stock are cast on the proposal. If stockholders do not approve the Amended 2016 Plan, Forum will continue to have the authority to grant awards under the 2016 Plan. **Your board of directors unanimously recommends a vote "FOR" approval of the Amended 2016 Plan taking into account the following:**

Forum believes that its employees, directors and consultants are recognized as the best in the industry and that equity-based compensation is critical to their recruitment and retention.

The Committee believes that awards under the Amended 2016 Plan are a strategically favorable means of assuring employee, director and consultant alignment with stockholders.

Forum believes that awards under the Amended 2016 Plan support our "pay for performance" philosophy and motivate employees, directors and consultants both to achieve short-term business goals and to enhance long-term stockholder value.

### **Summary of the Amended 2016 Plan**

The following summary of the Amended 2016 Plan is qualified by reference to the full text thereof, which is attached as Appendix B to this proxy statement.

### ***Shares of Common Stock Reserved***

When adopted, the 2016 Plan reserved for awards the number of shares of common stock reserved but not issued under the Forum Energy Technologies, Inc. 2010 Stock and Incentive Plan, as amended from time to time. If approved by our stockholders, the Amended 2016 Plan will reserve an additional 2,900,000 shares of common stock,

resulting in a total of 4,291,584 shares of common stock reserved for awards under the Amended 2016 Plan. To the extent that an award is forfeited, cancelled, settled in cash, expires unexercised, lapses or the rights of a holder otherwise terminate, shares of common stock subject to such award will again become available for awards under the Amended 2016 Plan. Notwithstanding the forgoing, shares of common stock surrendered in payment of the exercise price or purchase price of an award, shares withheld for payment of applicable taxes associated with awards, and shares reacquired in the open market and otherwise using the proceeds of the exercise of options will not again be available for awards under the Amended 2016 Plan.

### ***Award Limitations***

Awards under the Amended 2016 Plan are subject to the following maximum limitations:

No participant may receive in any one calendar year awards denominated in shares, options or stock appreciation rights with respect to more than 2 million shares of common stock;

No participant may be granted in any one calendar year cash awards having a grant date value in excess of \$20,000,000;

Any payment pursuant to a performance award shall be paid no later than 10 years after the grant date of such award; and

No non-employee director may be granted, in any one calendar year, awards under the Amended 2016 Plan (valued as of the date of grant) and cash compensation granted under the Amended 2016 Plan or otherwise having an aggregate value in excess of \$950,000.

### ***Minimum Vesting Restrictions***

Except for awards under the Amended 2016 Plan that are payable solely in cash, all awards under the Amended 2016 Plan are subject to a minimum vesting period of one year from the date of grant (the "Minimum Restrictions"). Notwithstanding the forgoing, the one-year minimum vesting provisions do not apply to 5% of the total shares available for awards under the Amended 2016 Plan. On a going forward basis, we are committed to including multi-year vesting schedules in all award grants, except for extraordinary circumstances.

### ***Stock Ownership Requirements Policy***

Awards under the Amended 2016 Plan are subject to Forum's Stock Ownership Requirements Policy (the "Stock Ownership Policy"). Refer to the disclosure of the policy under "Executive Stock Ownership Requirements" of this proxy statement. The Stock Ownership Policy provides that our Chief Executive Officer must maintain a level of ownership in us that is greater than or equal to six times his or her annual base salary. In addition, the Stock Ownership Policy includes similar holding requirements for our executive officers and directors, although at lower multiples of annual salary or retainer. All of the Company's executive officers and directors are currently in compliance with the Stock Ownership Policy. Given that the Stock Ownership Policy requires a significant number of shares to be held, which clearly aligns directors and executives with the interests of stockholders, we believe that this is more effective than imposing a minimum holding period. We also believe that imposing such a holding period in addition to the Stock Ownership Policy would be unduly restrictive for executive officers.

### ***Eligibility for Participation***

All employees and consultants of Forum and its affiliates and all non-employee directors of Forum are eligible for awards under the Amended 2016 Plan.

### ***Administration***

The Amended 2016 Plan is administered by the Compensation Committee of Forum's board of directors or any other committee that may be designated by the board of directors (the board of directors or such designated committee, as applicable, are referred to herein as the "Committee"). The Committee will select the employees, consultants and non-employee directors who will receive awards, determine the time that awards will be granted and the type and terms of awards to be granted, interpret and administer the Amended 2016 Plan, prescribe rules and regulations relating to the Amended 2016 Plan and to make all other determinations necessary or advisable for administering the Amended 2016 Plan. Our Chief Executive Officer may be delegated authority to administer the Amended 2016 Plan, including making awards thereunder, however, neither the board of directors nor the Committee may delegate to any person the authority to grant awards to, or take other action with respect to, participants who are subject to Section 16 of the Securities Exchange Act of 1934, as amended.

Subject to the express terms of the Amended 2016 Plan, the Committee may accelerate the vesting or exercisability of an award, eliminate or make less restrictive the restrictions contained in an award and waive restrictions or other provisions in an award. This represents a continuation of the authority previously granted to the Committee by our stockholders. Our executives receive long-term equity awards, which form a substantial percentage of their annual compensation. Our equity award agreements generally provide for forfeiture of unvested awards upon termination of employment. If the Committee does not retain the ability to accelerate vesting or waive restrictions on awards, which

may be desirable when “good actors” choose to retire, the retention value of equity grants to executives at or close to retirement age would be lost. On a historical basis, the Committee has exercised its discretion to accelerate awards only three times, each in connection with the retirement of executives, since our initial public offering in 2012. Each executive was a key player in our founding and development.

### *Terms, Conditions and Limitations of Awards*

*Stock Options.* Stock options are subject to such terms and conditions as may be established by the Committee and are not inconsistent with the Amended 2016 Plan. The option exercise price cannot be less than the fair market value per share of the common stock on the date of grant, and stock options may not be exercised more than 10 years after the date of grant. Stock options granted to employees may be incentive stock options (“ISOs”) under Section 422 of the Internal Revenue Code, nonqualified stock options or a combination thereof. Directors are not eligible for ISOs but may be granted nonqualified stock options. The Committee may neither lower a granted option’s exercise price nor exchange a granted option for cash, an option with a lower exercise price or a new award without stockholder approval.

*Stock Appreciation Right.* The Committee may grant an award that is in the form of a stock appreciation right (“SAR”). A SAR is the right to receive an amount of common stock or cash equal to the appreciation in value of a specified number of shares of common stock over a particular period of time. SARs are subject to such terms and conditions as may be established by the Committee and are not inconsistent with the Amended 2016 Plan. The SAR exercise price cannot be less than the fair market value per share of the common stock on the date of grant, and SARs may not be exercised more than 10 years after the date of grant. The Committee may neither lower an awarded SAR’s exercise price nor exchange an awarded SAR for cash, a SAR with a lower exercise price or a new award without stockholder approval.

*Restricted Stock Award.* The Committee may grant an award of common stock to participants subject to certain forfeiture restrictions. In addition to the Minimum Restrictions, such forfeiture restrictions may include (i) the attainment of one or more performance measures, (ii) the attainment of a specified employment term, (iii) the occurrence of an event or (iv) any combination of the above. The Committee has the sole discretion to determine forfeiture restrictions, which may vary among different participants

and awards. Participants may receive dividends with respect to common stock subject to a restricted stock award and may vote such shares, but they may not sell, transfer, pledge, or otherwise dispose of the common stock until the forfeiture restrictions have lapsed. Notwithstanding the foregoing, no dividends may be paid to participants prior to the expiration of the forfeiture restrictions on the underlying shares of common stock. A participant is not required to make a payment for common stock received pursuant to a restricted stock award unless required by applicable law.

*Restricted Stock Unit Award.* The Committee may grant restricted stock units to participants, which may be payable in cash, shares of common stock or a combination thereof. Restricted stock unit awards will be subject to certain forfeiture restrictions. In addition to the Minimum Restrictions, such forfeiture restrictions may include (i) the attainment of one or more performance measures, (ii) the attainment of a specified employment term, (iii) the occurrence of an event or (iv) any combination of the above. The Committee has the sole discretion to determine forfeiture restrictions and it may vary the forfeiture restrictions for each award. In the Committee's discretion, cash dividend equivalents may be paid on restricted stock unit awards but the recipients of such awards will not otherwise be entitled to the privileges and rights of stockholders unless the award is denominated in common stock and until common stock is delivered to the participants. No dividend equivalents may be paid to participants prior to the expiration of the forfeiture restrictions on the underlying restricted stock units.

*Bonus Stock Award.* The Committee may grant participants unrestricted shares of common stock on such terms and conditions as the Committee shall determine. Bonus stock awards are not subject to the Minimum Restrictions and are limited to no more than 5% of the total shares available for awards under the Amended 2016 Plan. In its sole discretion, the Committee will determine the purchase price, if any, for common stock issued as a bonus stock award.

*Performance Awards.* A performance award is subject to the achievement of one or more performance measures over a performance period determined by the Committee. The Committee may grant a performance award consisting of any type of award or combination of awards. In its discretion, the Committee may adjust the amount of cash or shares payable pursuant to a performance award. A participant is not entitled to the privileges and rights of a stockholder for performance awards covering shares of common stock until such shares are delivered to the participant. The term "performance measures" means the measures established by the Committee that are to be achieved with respect to an award, which may be absolute, relative to one or more other companies, relative to one or more indices, or measured by reference to Forum alone, an affiliate, an individual, a business unit of Forum or an affiliate, or Forum together with one or more of its affiliates.

The performance measures may include one or more of the following: (i) the price of a share of common stock, (ii) earnings per share, (iii) market share, (iv) sales, (v) operating income or operating income margin, (vi) net income or net income margin (before or after taxes), (vii) cash flow or return on investment, (viii) the earnings or earnings margin before or after interest, taxes, depreciation, and/or amortization, (ix) the economic value added, (x) the return on capital, assets, or stockholders' equity, (xi) the total stockholders' return, (xii) working capital efficiency, (xiii) safety performance, (xiv) after-tax operating income, (xv) capital efficiency, (xvi) cash from operations, (xvii) cost ratios, (xviii) cost reductions, (xix) customer growth, (xx) debt reduction, (xxi) earnings per share growth, (xxii) increase in cash flow, (xxiii) increase in cash flow return, (xxiv) increased revenue, (xxv) internal rate of return, (xxvi) net cash flow, (xxvii) net cash flow before financing activities, (xxviii) net income per share, (xxix) proceeds from

dispositions, (xxx) project completion time and budget goals, (xxxi) return on equity, (xxxii) return on net assets, (xxxiii) return on capital compared to cost of capital, (xxxiv) return on capital employed, (xxxv) return on invested capital, (xxxvi) revenue ratios, (xxxvii) shareholder value, (xxxviii) total market value, (xxxix) such other criteria as determined by the Committee, or (xl) any combination of the foregoing.

The Committee determines, at the time the award is granted, which measures to use with respect to an award and the weighting of the objectives if more than one is used. A performance measure may include multiple measuring levels, with the size of the performance award based on the level attained. A performance measure need not be based on an increase or a positive result and may include, for example, maintaining the status quo or limiting economic losses.

*Cash Award.* The Committee may grant an award in cash. Any such cash award shall be subject to performance measures as determined by the Committee.

#### ***Other Terms and Limitations***

*Transferability.* Awards under the Amended 2016 Plan, other than ISOs, generally will not be transferable other than by will or the laws of descent and distribution, pursuant to a qualified domestic relations order or with the consent of the Committee. ISOs generally will not be transferable other than by will or the laws of descent and distribution and will be exercisable during the participant's lifetime only by such participant or the participant's guardian or legal representative.

*Adjustments to Awards Following Grant.* In limited circumstances, awards granted under the Amended 2016 Plan may be adjusted. If Forum recapitalizes, reclassifies its stock, or otherwise changes its capital structure, the number and class of shares of common stock or other property covered by an award shall be adjusted as if the grantee of such an award held the stock covered by the award immediately prior to the recapitalization, and the shares available for grant and share limits under the Amended 2016 Plan shall also be adjusted to reflect the change.

In the event (i) of a merger, consolidation or reorganization, (ii) of a sale of substantially all of Forum's assets, (iii) of liquidation of Forum, (iv) of an acquisition by a person of more than 50% of Forum's outstanding voting stock or (v) of a contested election where the members of Forum's board of directors immediately prior to such contested election cease to constitute a majority of the board of directors, the Committee shall effect one or more of the following to prevent diminution or enlargement of the intended benefits under the Amended 2016 Plan: (a) accelerate the vesting and exercisability of awards; (b) require participants to surrender some or all of their outstanding awards in exchange for cash; or (c) make adjustments to the then outstanding awards (as well as shares available for grant under the Amended 2016 Plan and share-based Amended 2016 Plan limits) as the Committee deems appropriate to reflect the event, including adjusting the awards to include securities of the surviving or acquiring corporation or other property.

*Tax Withholding.* Forum has the right to deduct any taxes required by law to be withheld from all awards and to require any payments required to enable it to satisfy its withholding obligations.

*Change in Control.* If a participant's employment with Forum is terminated involuntarily by Forum without "cause" (as defined in the Amended 2016 Plan) or by the participant for "good reason" (as defined in the Amended 2016 Plan) within two years after a "change in control" of Forum (as defined in the Amended 2016 Plan), then any award held by the participant at the time of termination that is not a performance award will become fully vested and exercisable and any such award that is a performance award shall become vested and deemed to be earned at the target level.

*Clawback.* Awards under the Amended 2016 Plan, including any cash bonus or cash incentive award program of the Company, to our executive officers are subject to recoupment or clawback in the event of a financial restatement by Forum to the extent that the Committee determines, in its discretion, that such restatement is a result of fraud or willful misconduct. Furthermore, Forum may adopt additional clawback policies and procedures, including those with retroactive effect.

*Amendment and Termination.* The board of directors may terminate the Amended 2016 Plan at any time with respect to shares of common stock that have not been granted under the Amended 2016 Plan. The board of directors may alter or amend the Amended 2016 Plan from time to time provided that no change in the Amended 2016 Plan materially impairs a participant's rights with respect to awards previously granted without the participant's consent. No amendment or alteration shall be effective prior to stockholder approval to the extent the board of directors determines such approval is required by applicable laws, regulations or exchange requirements.



***Determinable New Plan Benefits***

Awards to our officers and other employees under the Amended 2016 Plan will be made in accordance with future decisions of the Committee following the general guidelines of the Amended 2016 Plan. As a result, it is not possible to determine the benefits and amounts that will be received by any individual participant or group of participants in the future. Although not necessarily indicative of future grants that may be made under the Amended 2016 Plan, please see the “Grants of plan-based awards for 2018” section above with respect to awards under the 2016 Plan to our NEOs in 2018.

**Federal Income Tax Consequences**

*Options.* The Internal Revenue Code provides that a participant receiving a nonqualified option ordinarily does not realize taxable income upon the grant of the option. A participant does, however, realize compensation income taxed at ordinary income tax rates upon the exercise of a nonqualified option to the extent that the fair market value of the common stock on the date of exercise exceeds the option price. When the participant sells the shares acquired pursuant to a nonqualified option, any gain or loss will be short-term or long-term capital gain or loss.

The grant of an ISO does not result in taxable income to a participant. The exercise of an ISO also does not result in taxable income, provided that the circumstances satisfy the requirements in the Internal Revenue Code. However, the exercise of an ISO may give rise to alternative minimum tax liability for the participant. In addition, if the participant does not dispose of the common stock acquired upon exercise of an ISO during the statutory holding period, then any gain or loss upon subsequent sale of the common stock will be a long-term capital gain or loss. The statutory holding period lasts until the later of two years from the date the ISO is granted or one year from the date the common stock is transferred to the participant pursuant to the exercise of the ISO.

If the statutory holding period requirements for an ISO are satisfied, Forum may not claim any federal income tax deduction upon either the exercise of the ISO or the subsequent sale of the common stock received upon exercise. If these requirements are not satisfied (a “disqualifying disposition”), the amount of ordinary income taxable to the participant is the lesser of: (i) the fair market value of the common stock on the date of exercise minus the option price; or, (ii) the amount realized on disposition minus the option price. Any gain in excess of that amount is capital gain, while any loss recognized will be a capital loss.

For nonqualified options, Forum is generally entitled to a federal income tax deduction in an amount equal to the ordinary income realized by the participant.

*Restricted Stock and Bonus Stock Awards.* A participant acquiring a restricted stock award or a bonus stock award will generally recognize ordinary income equal to the fair market value of the shares on the vesting date of the restricted stock or the grant date of bonus stock, less the amount paid, if any, by the participant. Under Section 83(b) of the Internal Revenue Code, a participant may elect to include in ordinary income at the time restricted stock is first issued, the excess of the fair market value of the stock at the time of issuance over the amount paid, if any, by the participant. In this event, any subsequent change in the value of the shares will be recognized for tax purposes as capital gain or loss upon disposition of the shares. A participant makes a Section 83(b) election by filing the election with the IRS no later than 30 days after the restricted stock is transferred to the participant. With a Section 83(b) election, the participant will not be entitled to any loss deduction if the shares with respect to which a Section 83(b) election was made are later forfeited. Absent a Section 83(b) election, any cash dividends or other distributions paid with respect to the restricted stock will be included in the participant’s ordinary income as compensation at the time of receipt and subsequent appreciation or depreciation will be recognized as capital gain or loss. Forum will generally be entitled to a deduction for federal income tax purposes at the same time and in the same amount that a participant recognizes ordinary income from restricted stock or bonus stock awards under the Amended 2016 Plan.

*Stock Appreciation Rights and Restricted Stock Units.* Generally, a participant will not recognize any taxable income upon the award of SAR or restricted stock unit. At the time the participant receives the payment for the SAR or the restricted stock unit, the fair market value of shares of common stock or the amount of any cash received in payment for such awards generally is taxable compensation to the participant as ordinary income. Forum will generally be entitled to a deduction for federal income tax purposes at the same time and in the same amount that a participant recognizes ordinary income from SARs or restricted stock units under the Amended 2016 Plan.

*Performance Awards and Cash Awards.* A participant will generally not recognize any taxable income upon the grant of performance awards or cash awards. Upon settlement of such awards, participants normally will recognize ordinary income in the year of receipt equal to the amount of cash and the fair market value of any common stock received. Forum will generally be entitled to a deduction for federal income tax purposes at the same time and in the same amount that a participant recognizes ordinary income from performance awards or cash awards under the Amended 2016 Plan.

*Certain Tax Code Limitations on Deductibility*

After amendment by the Tax Cuts and Jobs Act of 2017, Section 162(m) of the Internal Revenue Code generally disallows a federal income tax deduction to any publicly held corporation for compensation paid in excess of \$1,000,000 in any taxable year after 2017 to any individual who, in 2017 or later, is a company's principal executive officer, principal financial officer or any of a company's three other most highly compensated executive officers (other than the principal executive officer or the principal financial officer). Prior to amendment by the Tax Cuts and Jobs Act of 2017, the deduction limitation under Section 162(m) of the Internal Revenue Code did not apply to "performance-based compensation." Forum previously structured the 2016 Plan so that resulting compensation could be designed to qualify as performance-based compensation. To the extent that prior awards under the 2016 Plan qualify for the performance-based compensation and grandfathered treatment under the Tax Cuts and Jobs Act of 2017, Forum intends to preserve the terms of such awards, in which case Forum may become entitled to a deduction related to such awards in excess of \$1,000,000.

The exercisability of an option or SAR, the elimination of restrictions on restricted stock, or the payment of bonus stock awards, performance awards or restricted stock units, may be accelerated as a result of a change in control. If any of the foregoing occurs, and the total parachute payments to the participant are not sufficiently reduced under terms of the Amended 2016 Plan, an excess parachute payment under the Internal Revenue Code could result, triggering a 20% excise tax (in addition to income tax otherwise owed) payable by the participant. Forum will not be entitled to a deduction for that portion of any "parachute payment" that is subject to the excise tax.

*Section 409A of the Internal Revenue Code of 1986*

Section 409A to the Internal Revenue Code generally provides that any deferred compensation arrangement which does not meet specific requirements regarding timing of payouts, advance election of deferrals and restrictions on acceleration of payouts results in immediate taxation of any amounts deferred to the extent not subject to a substantial risk of forfeiture. In addition, tax on the amounts included in income as a result of not complying with Section 409A are increased by an interest component as specified by statute, and the amounts included in income are also subject to a 20% excise tax.

In general, to avoid a Section 409A violation, amounts deferred may only be paid out on separation from service, disability, death, a specified time, a change in control (as defined by the Treasury Department) or an unforeseen emergency. Furthermore, the election to defer generally must be made in the calendar year prior to performance of services, and any provision for accelerated payout other than for reasons specified by the Treasury may cause the amounts deferred to be subject to early taxation and to the imposition of the excise tax. Section 409A is broadly applicable to any form of deferred compensation other than tax-qualified retirement plans and bona fide vacation, sick leave, compensatory time, disability pay or death benefits, and may be applicable to certain awards under the Amended 2016 Plan. Forum intends that any awards granted under the Amended 2016 Plan be exempt from or satisfy the requirements of Section 409A to avoid the imposition of excise tax thereunder.

THE ABOVE SUMMARY OF THE EXPECTED EFFECT OF THE FEDERAL INCOME TAX UPON PARTICIPANTS IN THE AMENDED 2016 PLAN IS NOT COMPLETE, AND FORUM RECOMMENDS THAT THE PARTICIPANTS CONSULT THEIR OWN TAX ADVISORS FOR ADVICE. MOREOVER, THE ABOVE SUMMARY IS BASED UPON CURRENT FEDERAL INCOME TAX LAWS, WHICH ARE SUBJECT TO CHANGE. THE TAX TREATMENT UNDER FOREIGN, STATE OR LOCAL LAW IS NOT COVERED IN THE ABOVE SUMMARY.

## **PROPOSAL 4: ADVISORY VOTE ON THE FREQUENCY OF ADVISORY RESOLUTIONS TO APPROVE EXECUTIVE COMPENSATION**

In accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Section 14A of the Exchange Act, we must provide our stockholders with the opportunity to make a non-binding, advisory vote, commonly known as a “say-on-frequency” proposal, on the frequency of future advisory votes on NEO compensation. The non-binding, advisory “say-on-frequency” vote must be submitted to our stockholders at least once every six years. You are given the option of selecting a frequency of “1 YEAR,” “2 YEARS,” “3 YEARS,” or abstaining.

The board of directors has determined that an advisory resolution on executive compensation that is submitted to stockholders every year is the most appropriate alternative for us and, therefore, the board of directors recommends that you vote in favor of an annual advisory resolution on executive compensation. This recommendation is based on our belief that an annual advisory resolution on executive compensation will provide stockholders with a frequent and consistent opportunity to express their views on our executive compensation as disclosed in our annual proxy statements and will allow our Compensation Committee to take our stockholders’ views into account more quickly than a less frequent vote would allow and to evaluate changes in our stockholders’ views over time as our executive compensation program evolves.

As an advisory vote, this proposal is not binding upon us or the board of directors, and the board could, if it concluded it was in our best interests to do so, choose not to follow or implement the outcome of the advisory vote. Based on past practice, we expect that the board of directors will review voting results on this proposal and give due consideration to the outcome. In future years, the board of directors could also recommend to stockholders that an advisory resolution on executive compensation be submitted to stockholders more or less frequently than the preference receiving the highest number of votes of our stockholders.

### **Vote Required and Board Recommendation**

You are not voting to approve or disapprove of the board’s recommendation. You are being asked to select from one of the four choices set forth above. The alternative (other than abstention) that receives the most votes will be deemed the advice of the stockholders. **Your board of directors recommends that future advisory resolutions on executive compensation be submitted to stockholders every year.**

## **PROPOSAL 5: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

In March 2019, the Audit Committee of our Board of Directors requested proposals from three independent registered public accounting firms, including PricewaterhouseCoopers LLP (“PricewaterhouseCoopers”). PricewaterhouseCoopers had been our principal independent registered public accounting firm since 2005 and the Audit Committee considered it good practice to evaluate alternative firms. Fees charged, industry knowledge, estimated hours and “cultural fit” were among the criteria considered in the selection process. After several discussions with each of the candidates, our Audit Committee retained Deloitte & Touche LLP (“Deloitte & Touche”) as principal independent registered public accounting firm to our Board of Directors.

You will be asked to ratify that selection. A Deloitte & Touche representative will be present at the meeting.

### **Dismissal of Independent Registered Public Accounting Firm**

On March 20, 2019, the Audit Committee, following a competitive tender process, approved the engagement of Deloitte & Touche as the Company’s independent registered public accounting firm for the year ending December 31, 2019, and dismissed PricewaterhouseCoopers as the Company’s independent registered public accounting firm, each effective immediately.

PricewaterhouseCoopers’s audit reports on the Company’s consolidated financial statements as of and for the fiscal years ended December 31, 2018 and 2017 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2018 and 2017, and the subsequent interim periods through March 20, 2019, there were (i) no disagreements (as described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and PricewaterhouseCoopers on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to PricewaterhouseCoopers’s satisfaction, would have caused PricewaterhouseCoopers to make reference thereto in their reports on the financial statements for such years, and (ii) no “reportable events” within the meaning of Item 304(a)(1)(v) of Regulation S-K, except that our internal control over financial reporting was not effective due to the existence of a material weakness in our internal control over financial reporting as of December 31, 2017. As disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018, and September 30, 2018, management did not design and maintain effective controls over the development of fair value measurements utilized in the application of the acquisition method of accounting for business combinations, and for purposes of testing goodwill for impairment. The material weakness was remediated by the Company as of December 31, 2018. Accordingly, PricewaterhouseCoopers’s report on the effectiveness of the

Company's internal control over financial reporting as of December 31, 2018, which was included in the Company's Form 10-K for the fiscal year ended December 31, 2018, did not contain a reference thereto. The Committee discussed the material weakness with PricewaterhouseCoopers, and the Company has authorized PricewaterhouseCoopers to respond fully to Deloitte & Touche's inquiries concerning the subject matter of the material weakness.

We provided PricewaterhouseCoopers with a copy of the disclosures that were made in a Current Report on Form 8-K (the "Report") prior to the time the Report was filed with the U.S. Securities and Exchange Commission on March 26, 2019 and requested that PricewaterhouseCoopers furnish a letter addressed to the U.S. Securities and Exchange Commission stating whether or not it agreed with the statements made therein. A copy of PricewaterhouseCoopers's letter dated March 26, 2019, was attached as Exhibit 16.1 to the Report.

During the fiscal years ended December 31, 2018 and 2017, and the subsequent interim periods through March 20, 2019, neither the Company nor anyone acting on its behalf has consulted with Deloitte & Touche regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements or the effectiveness of internal control over financial reporting, and neither a written report nor oral advice was provided to the Company that Deloitte & Touche concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K, or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

#### **Vote Required and Board Recommendation**

If a quorum is present at the annual meeting, the ratification of the appointment of Deloitte & Touche requires the affirmative vote of at least a majority of the votes cast on the matter. **Your board of directors recommends a vote "FOR" such ratification.**

If the stockholders fail to ratify the appointment of Deloitte & Touche as our independent registered public accounting firm, it is not anticipated that Deloitte & Touche will be replaced in 2019. Such lack of approval will, however, be considered by the Audit Committee in selecting our independent registered public accounting firm for 2020.

### **Fees Paid to Independent Registered Public Accounting Firm**

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of our annual financial statements for the years ended December 31, 2018 and 2017, respectively, and fees billed for other services rendered by PricewaterhouseCoopers during those periods. It is anticipated that the fees for the audit of our annual financial statement for the year ended December 31, 2019, and fees billed for other services rendered by Deloitte & Touche during 2019 will be less than the fees incurred in 2018.

	<b>2018</b>	<b>2017</b>
	<b>(In thousands)</b>	
Audit Fees <sup>(1)</sup>	\$3,895	\$3,745
Audit-Related Fees <sup>(2)</sup>	—	—
Tax Fees <sup>(3)</sup>	15	51
All Other Fees <sup>(4)</sup>	3	3
<b>Total</b>	<b>\$3,913</b>	<b>\$3,799</b>

Audit Fees consisted of fees for audit services, which related to the consolidated audit, quarterly reviews, (1) registration statements, comfort letters, statutory and subsidiary audits and services normally provided by the independent registered public accountant in connection with statutory and regulatory filings.

(2) Audit-Related Fees consisted of fees for audit-related services, which primarily related to the acquisition of certain of our subsidiaries and our equity investment in a joint venture.

(3) Tax Fees consisted of fees for tax services.

(4) All Other Fees consisted of accounting research tool subscription fees.

The Audit Committee preapproves all audit, review or attest engagements and permissible non-audit services to be performed by our independent registered public accounting firm, subject to, and in compliance with, the de minimis exception for non-audit services described in applicable provisions of the Exchange Act and applicable SEC rules. All services provided by PricewaterhouseCoopers in 2018 and 2017 were preapproved by the Audit Committee.





## AUDIT COMMITTEE REPORT

The Audit Committee currently consists of Evelyn M. Angelle (Chairperson), John A. Carrig and John Schmitz. The Audit Committee's purpose is to assist the board of directors in overseeing (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the qualifications, independence and performance of our independent auditors and (4) the effectiveness and performance of our internal audit function. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us. The board of directors has determined that the members of the Audit Committee are independent under applicable provisions of the Exchange Act and NYSE listing standards.

Our management is responsible for preparing our financial statements, and the independent auditors are responsible for auditing those financial statements and the effectiveness of the Company's internal controls over financial reporting, and issuing a report thereon. Accordingly, the Audit Committee's responsibility is one of oversight. In this context, the Audit Committee discussed with PricewaterhouseCoopers LLP, our independent registered public accounting firm for fiscal year 2018, the matters required to be discussed by Auditing Standard No. 16 issued by the Public Company Accounting Oversight Board. These communications and discussions are intended to assist the Audit Committee in overseeing the financial reporting and disclosure process. The Audit Committee also discussed with PricewaterhouseCoopers LLP its independence from us and received from PricewaterhouseCoopers LLP the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence. This discussion and disclosure informed the Audit Committee of the independence of PricewaterhouseCoopers LLP and assisted the Audit Committee in evaluating such independence. The Audit Committee also considered whether the provision of services by PricewaterhouseCoopers LLP not related to the audit of our financial statements and to the review of our interim financial statements is compatible with maintaining the independence of PricewaterhouseCoopers LLP. Finally, the Audit Committee reviewed and discussed our audited financial statements with our management, our internal auditors and PricewaterhouseCoopers LLP. Our management informed the Audit Committee that our audited financial statements had been prepared in accordance with accounting principles generally accepted in the United States.

Based on the review and discussions referred to above, and such other matters deemed relevant and appropriate by the Audit Committee, the Audit Committee recommended to the board of directors, and the board of directors has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Respectfully submitted,

Evelyn M. Angelle, *Chairperson*  
John A. Carrig  
John Schmitz



## **ADDITIONAL INFORMATION**

### **Stockholder Proposals for the 2020 Annual Meeting**

To be included in the proxy materials for the 2020 Annual Meeting of stockholders, stockholder proposals that are submitted for presentation at that annual meeting and are otherwise eligible for inclusion in the proxy statement must be received by us no later than December 4, 2019. Proxies granted in connection with that annual meeting may confer discretionary authority to vote on any stockholder proposal if notice of the proposal is not received by us in accordance with the advance notice requirements of our bylaws discussed below. It is suggested that proponents submit their proposals by certified mail, return receipt requested. No stockholder proposals have been received for inclusion in this proxy statement.

Our bylaws provide the manner in which stockholders may give notice of business and director nominations to be brought before an annual meeting. In order for an item to be properly brought before the meeting by a stockholder, the stockholder must be a holder of record at the time of the giving of notice and must be entitled to vote at the annual meeting. The item to be brought before the meeting must be a proper subject for stockholder action, and the stockholder must have given timely advance written notice of the item. For notice to be timely, it must be delivered to our Secretary at our principal executive offices no later than close of business on the 90th day prior to the anniversary of the prior year's annual meeting date but not earlier than the 120th day prior to such anniversary date. Accordingly, for the 2020 Annual Meeting of stockholders, notice will have to be delivered to our Secretary at our principal offices no earlier than December 4, 2019 or later than January 3, 2020. If, however, the scheduled annual meeting date is more than 30 days before or more than 70 days after the first anniversary of the prior year's annual meeting date, then notice of an item to be brought before the annual meeting will be timely if it is so delivered not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the date of such annual meeting or the 10th day following the day on which public announcement of the date of such meeting was first made. The notice must set forth the information required by the provisions of our bylaws dealing with stockholder proposals and nominations of directors. All notices should be directed to John C. Ivascu, Senior Vice President, General Counsel and Secretary, Forum Energy Technologies, Inc., 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064.

### **Discretionary Voting of Proxies on Other Matters**

Management does not intend to bring before the annual meeting any matters other than those disclosed in the notice of annual meeting of stockholders attached to this proxy statement, and it does not know of any business that persons other than management intend to present at the meeting. If any other matters are properly presented at the annual meeting for action, the persons named in the enclosed form of proxy and acting thereunder generally will have discretion to vote on those matters in accordance with their best judgment.

## **Annual Report on Form 10-K**

**Copies of our annual report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, are available without charge to stockholders upon request to Mark S. Traylor, Vice President, Investor Relations, Forum Energy Technologies, Inc., 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064.**

## **Householding**

The SEC permits a single copy of the Notice to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces mailing and printing expenses. A number of brokerage firms have instituted householding.

As a result, if you hold your shares through a broker and you reside at an address at which two or more stockholders reside, you will likely be receiving only one copy of the Notice unless any stockholder at that address has given the broker contrary instructions. If any such beneficial stockholder residing at such an address, however, wishes to receive a separate copy of the Notice in the future, or if any such beneficial stockholder that elected to continue to receive separate copies of the Notice wishes to receive a single copy of the Notice in the future, that stockholder should contact their broker or send a request to John C. Ivascu, Senior Vice President, General Counsel and Secretary, Forum Energy Technologies, Inc., 10344 Sam Houston Park Drive, Suite 300, Houston, Texas 77064, telephone number (713) 351-7900. We will promptly deliver, upon written or oral request to the corporate secretary, a separate copy of the Notice to a beneficial stockholder at a shared address to which a single copy of the Notice was delivered.

**APPENDIX A**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION**

<i>(in millions)</i>	<b>For the year ended December 31, 2018</b>	<b>For the year ended December 31, 2017</b>
<b>Net loss attributable to common stockholders</b>	(374.1 )	(59.4 )
Interest expense	32.5	26.8
Depreciation and amortization	74.6	65.2
Income tax expense (benefit)	(15.7 )	4.1
<b>EBITDA as reported</b>	<b>(282.7 )</b>	<b>36.7</b>
% of revenue	(26.6 )%	4.5 %
Restructuring charges and other	17.8	9.9
Transaction expenses	3.4	6.5
Inventory and other working capital adjustments	31.5	13.0
Goodwill and intangible asset impairment	363.5	69.1
Gain realized on previously held equity investment	—	(120.4 )
Acquisition related equity-based compensation recorded by equity investment subsidiary	—	6.4
Gain on contribution of subsea rentals business	(33.5 )	—
Amortization of basis difference for equity method investment	1.9	—
Loss (gain) on foreign exchange, net	(5.5 )	7.9
<b>EBITDA as adjusted</b>	<b>96.4</b>	<b>29.1</b>
% of revenue	9.1 %	3.6 %

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## APPENDIX B

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

#### FORUM ENERGY TECHNOLOGIES, INC.

#### 2016 STOCK AND INCENTIVE PLAN

(As Established Effective as of May 14, 2019)

### I. PURPOSE OF THE PLAN

The purpose of the **FORUM ENERGY TECHNOLOGIES, INC. 2016 STOCK AND INCENTIVE PLAN** (the “*Plan*”) is to provide a means through which FORUM ENERGY TECHNOLOGIES, INC., a Delaware corporation (the “*Company*”), and its Affiliates may attract able persons to serve as Directors or Consultants or to enter the employ of the Company and its Affiliates and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company and its Affiliates rest, and whose present and potential contributions to the Company and its Affiliates are of importance, can acquire and maintain stock ownership and receive cash awards, thereby strengthening their concern for the long-term welfare of the Company and its Affiliates. A further purpose of the Plan is to provide such individuals with additional incentive and reward opportunities designed to enhance the profitable growth of the Company and its Affiliates over the long term. Accordingly, the Plan provides for granting Options, Stock Appreciation Rights, Restricted Stock Awards, Performance Awards, Restricted Stock Unit Awards, Bonus Stock Awards, Cash Awards or any combination of the foregoing, as is best suited to the circumstances of the particular Employee, Consultant, or Director as provided herein.

### II. DEFINITIONS

The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

(a) “*Affiliate*” means any corporation, partnership, limited liability company or partnership, association, trust, or other organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

(b) **“Award”** means, individually or collectively, any Option, Stock Appreciation Right, Restricted Stock Award, Performance Award, Restricted Stock Unit Award, Bonus Stock Award or Cash Award.

(c) **“Board”** means the Board of Directors of the Company.

(d) **“Bonus Stock Award”** means an Award granted under Paragraph XI of the Plan.

(e) **“Cash Award”** means a Performance Award denominated in cash.

(f) **“Cause”** shall mean a determination by the Company that the Participant (i) has engaged in gross negligence or willful misconduct in the performance of the Participant’s duties with respect to the Company or any of its Affiliates, (ii) has materially breached any provision of any written agreement or corporate policy or code of conduct established by the Company or any of its Affiliates, (iii) has willfully engaged in conduct that is materially injurious to the Company or any of its Affiliates, or (iv) has been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude (or a crime of similar import in a foreign jurisdiction).

(g) **“Change in Control”** shall have the meaning assigned to such term in Exhibit A to the Plan.

(h) **“Code”** means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. Reference in the Plan to any Section of the Code shall be deemed to include any amendments or successor provisions to such Section and any regulations under such Section.

(i) **“Committee”** means the Compensation Committee of the Board, unless and until the Board designates a different committee to serve as the administrator of the Plan under Paragraph IV(a).

(j) **“Common Stock”** means the common stock, par value \$.01 per share, of the Company, or any security into which such common stock may be changed by reason of any transaction or event of the type described in Paragraph XII.



(k) “**Company**” means Forum Energy Technologies, Inc., a Delaware corporation.

(l) “**Consultant**” means any person who is not an Employee or a Director and who is providing advisory or consulting services to the Company or any Affiliate.

(m) “**Corporate Change**” shall have the meaning assigned to such term in Paragraph XII(c) of the Plan.

(n) “**Director**” means an individual who is a non-employee member of the Board.

(o) “**Effective Date**” has the meaning set forth in Paragraph III of the Plan.

(p) “**Employee**” means any person in an employment relationship with the Company or any Affiliate.

(q) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(r) “**Fair Market Value**” means, as of any specified date, the closing price of the Common Stock, if the Common Stock is listed on a national stock exchange registered under Section 6(a) of the Exchange Act, reported on the stock exchange composite tape on that date (or such other reporting service approved by the Committee); or, if no closing price is reported on that date, on the last preceding date on which such closing price of the Common Stock is so reported. If the Common Stock is traded over the counter at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of Common Stock on the most recent date on which Common Stock was publicly traded. In the event Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in such manner as it deemed appropriate and as is consistent with the requirements of Section 409A of the Code.

(s) “**Forfeiture Restrictions**” shall have the meaning assigned to such term in Paragraph VIII with respect to Restricted Stock or Paragraph X with respect to Restricted Stock Units, as applicable.

(t) “**Good Reason**” shall have the meaning assigned to such term in the applicable Award agreement, or, if the Award agreement does not define Good Reason, Good Reason shall mean the occurrence of any of the following events

without the Participant's consent: (i) a material reduction in the Participant's base rate of compensation from that in effect prior to the Change in Control, (ii) a material diminution in the Participant's authority, duties or responsibilities from those in effect prior to the Change in Control or (iii) the involuntary relocation of the geographic location of the Participant's principal place of employment by more than 75 miles from the location of the Participant's principal place of employment prior to the Change in Control. Notwithstanding the foregoing, any assertion by a Participant of a termination of employment for Good Reason shall not be effective unless: (x) the Participant provides written notice to the Company of such condition within 45 days of the initial existence of the condition; (y) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (z) the date of the Participant's termination of employment must occur within 90 days after the initial existence of the condition specified in such notice.

(u) "**Incentive Stock Option**" means an incentive stock option within the meaning of Section 422 of the Code.

(v) "**Minimum Restrictions**" shall have the meaning assigned to such term in Paragraph V(a) of the Plan.

(w) "**Nonqualified Stock Option**" means an Option that is not intended to comply with the requirements set forth in Section 422 of the Code.

(x) "**Option**" means an Award granted under Paragraph VII of the Plan and includes both Incentive Stock Options and Nonqualified Stock Options.

(y) "**Option Agreement**" means a written agreement between the Company and a Participant with respect to an Option.

(z) "**Participant**" means an Employee, Consultant, or Director who has been granted an Award.

(aa) "**Performance Award**" means an Award granted under Paragraph IX of the Plan.

(bb) "**Performance Award Agreement**" means a written agreement between the Company and a Participant with respect to a Performance Award.

(cc) "**Performance Measure**" means one or more performance measures established by the Committee that are based on (i) the price of a share of Common Stock, (ii) earnings per share, (iii) market share, (iv) sales, (v) operating income

or operating income margin, (vi) net income or net income margin (before or after taxes), (vii) cash flow or return on investment,

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(viii) the earnings or earnings margin before or after interest, taxes, depreciation, and/or amortization, (ix) the economic value added, (x) the return on capital, assets, or stockholders' equity, (xi) the total stockholders' return, (xii) working capital efficiency, (xiii) safety performance, (xiv) after-tax operating income, (xv) capital efficiency, (xvi) cash from operations, (xvii) cost ratios, (xviii) cost reductions, (xix) customer growth, (xx) debt reduction, (xxi) earnings per share growth, (xxii) increase in cash flow, (xxiii) increase in cash flow return, (xxiv) increased revenue, (xxv) internal rate of return, (xxvi) net cash flow, (xxvii) net cash flow before financing activities, (xxviii) net income per share, (xxix) proceeds from dispositions, (xxx) project completion time and budget goals, (xxxii) return on equity, (xxxiii) return on net assets, (xxxiv) return on capital compared to cost of capital, (xxxv) return on capital employed, (xxxvi) return on invested capital, (xxxvii) revenue ratios, (xxxviii) shareholder value, (xxxix) total market value, (xl) such other criteria as determined by the Committee or (xli) any combination of the foregoing. The performance measures described in the preceding sentence may be absolute, relative to one or more other companies, relative to one or more indices, or measured by reference to the Company alone, an Affiliate, an individual, a business unit of the Company or an Affiliate, or the Company together with one or more of its Affiliates. Unless otherwise stated, such Performance Measures need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee may provide that any evaluation of performance may include or exclude any of the following events that occurs during a performance period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary items as described in FASB ASC Topic No. 360 and/or nonrecurring, unusual or special items as described in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders, Form 10-K or Form 10-Q for the applicable period, (f) acquisitions or divestitures, (g) foreign exchange gains and losses, (h) regulatory requirements, (i) settlement of hedging activities, and (j) other specified significant extraordinary items or events.

(dd) "**Plan**" means the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan, effective as of May 17, 2016.

(gg) "**Required Delay Period**" shall have the meaning assigned to such term in Paragraph XV(c) of the Plan

(hh) "**Restricted Stock Agreement**" means a written agreement between the Company and a Participant with respect to a Restricted Stock Award.

(ii) "**Restricted Stock Award**" means an Award granted under Paragraph VIII of the Plan.

(jj) "**Restricted Stock Unit**" means a unit evidencing the right to receive in specified circumstances one share of Common Stock or in the sole discretion of the Committee, an equivalent value in cash that is restricted or subject to forfeiture provisions.

(kk) “**Restricted Stock Unit Award**” means an Award granted under Paragraph X of the Plan.

(ll) “**Restricted Stock Unit Award Agreement**” means a written agreement between the Company and a Participant with respect to a Restricted Stock Unit Award.

(mm) “**Rule 16b-3**” means Securities Exchange Commission Rule 16b-3 promulgated under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation, or statute fulfilling the same or a similar function.

(nn) “**Stock Appreciation Right**” means a right to acquire, upon exercise of the right, Common Stock and/or, in the sole discretion of the Committee, cash having an aggregate value equal to the then excess of the Fair Market Value of the shares with respect to which the right is exercised over the exercise price therefor. The Committee shall retain final authority to determine whether a Participant shall be permitted, and to approve an election by a Participant, to receive cash in full or partial settlement of a Stock Appreciation Right.

(oo) “**Stock Appreciation Right Agreement**” means a written agreement between the Company and Participant with respect to a Stock Appreciation Right.

### **III. EFFECTIVE DATE AND DURATION OF THE PLAN**

The Plan as amended and restated herein will be submitted to the stockholders of the Company for approval at the 2019 annual meeting of the stockholders and, if approved, shall be effective as of the date of such approval (the “**Effective Date**”). If the stockholders of the Company should fail to so approve the Plan at such meeting, the Plan as amended and restated herein shall terminate and cease to be of any further force or effect, and all grants of Awards hereunder, if any, shall be null and void, and the Plan as in effect immediately prior to the amendment and restatement herein and prior to the stockholder vote shall remain in effect. No Award shall be made under the Plan 10 years or more after the Effective Date.

Subject to the provisions of Paragraph XIV, the Plan shall remain in effect until all Options and Stock Appreciation Rights granted under the Plan have been exercised or expired, all Restricted Stock Awards and Restricted Stock Unit Awards granted under the Plan have vested or been forfeited, and all Performance Awards, Bonus Stock Awards and Cash Awards have been satisfied or expired.

#### IV. ADMINISTRATION

(a) **Composition of Committee.** The Plan shall be administered by the Committee; provided, however, that (i) any and all members of the Committee shall satisfy any independence requirements prescribed by any stock exchange on which the Company lists its Common Stock; and (ii) Awards may be granted to individuals who are subject to Section 16(b) of the Exchange Act only if the Committee is comprised solely of two or more “Non-Employee Directors” as defined in Securities and Exchange Commission Rule 16b-3 (as amended from time to time, and any successor rule, regulation or statute fulfilling the same or similar function); provided, however, that if any such committee member is found not to have met the qualification requirements set forth in clause (ii) above, any actions taken or Awards granted by such committee shall not be invalidated by such failure to so qualify. In the absence of the Board’s appointment of a committee to administer the Plan, the Board shall serve as the Committee.

(b) **Powers.** Subject to the express provisions of the Plan, the Committee shall have authority, in its discretion, to (i) determine which Employees, Consultants, or Directors shall receive an Award, (ii) determine the time or times when such Award shall be made, the type of Award that shall be made, the number of shares to be subject to each Award or the value of each Award, and (iii) to accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award or waive any restriction or other provision of the Plan or an Award. In making such determinations, the Committee shall take into account the nature of the services rendered by the respective Employees, Consultants, or Directors, their present and potential contribution to the Company’s success, and such other factors as the Committee in its sole discretion shall deem relevant.

(c) **Additional Powers.** The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, this shall include the power to construe the Plan and the respective agreements executed hereunder, to prescribe rules and regulations relating to the Plan, to determine the terms, restrictions, and provisions of the agreement relating to each Award, including such terms, restrictions, and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any agreement relating to an Award in the manner and to the extent the Committee shall deem expedient to carry the Plan or any such agreement into effect. All determinations and decisions made by the Committee on the matters referred to in this Paragraph IV and in construing the provisions of the Plan shall be conclusive.

(d) **Delegation of Authority by the Committee.** Notwithstanding the preceding provisions of this Paragraph IV or any other provision of the Plan to the contrary, subject to the constraints of applicable law, the Committee may from

time to time, in its sole discretion, delegate to the Chief Executive Officer of the Company the administration (or interpretation of any provision) of the Plan, and the right to grant Awards under the Plan, insofar as such administration (and interpretation) and power to grant Awards relates to any person who is not subject to Section 16 of the Exchange Act (including any successor Section to the same or similar effect). Any such delegation may be effective only so long as the Chief Executive Officer of the Company is a Director, and the Committee may revoke such delegation at any time. The Committee may put any conditions and restrictions on the powers that may be exercised by the Chief Executive Officer of the Company upon such delegation as the Committee determines in its sole discretion. In the event of any conflict in a determination or interpretation under the Plan as between the Committee and the Chief Executive Officer of the Company, the determination or interpretation, as applicable, of the Committee shall be conclusive.

## **V. SHARES SUBJECT TO THE PLAN; AWARD LIMITS; GRANT OF AWARDS**

(a) **Shares Subject to the Plan and Award Limits.** Subject to adjustment in the same manner as provided in Paragraph XII with respect to shares of Common Stock subject to Options then outstanding, the aggregate maximum number of shares of Common Stock that may be issued under the Plan, and the aggregate maximum number of shares of Common Stock that may be issued under the Plan through Incentive Stock Options, shall not exceed 4,291,584 shares. To the extent that an Award is forfeited, cancelled, settled in cash, expires unexercised, lapses or the rights of its holder otherwise terminate, any shares of Common Stock subject to such Award shall again be available for the grant of an Award under the Plan. Notwithstanding the forgoing, shares surrendered in payment of the exercise price or purchase price of an Award, shares withheld for payment of applicable employment taxes and/or withholding obligations associated with an Award, and shares reacquired in the open market or otherwise using the cash proceeds from the exercise of Options shall not again be available for the grant of an Award under the Plan. For the avoidance of doubt, with respect to Options and Stock Appreciation Rights

that are settled in shares of Common Stock, the number of Options and Stock Appreciation Rights exercised shall be counted in full against the number of shares available for Awards under the Plan regardless of the number of Common Shares issued upon settlement of Options and Stock Appreciation Rights. Notwithstanding any provision in the Plan to the contrary, the following limitations shall apply to all Awards made hereunder:

(i) the maximum number of shares of Common Stock that may be subject to Awards denominated in shares of Common Stock granted to any one individual during any calendar year may not exceed 2 million shares of Common Stock;

(ii) no Participant may be granted during any calendar year Awards consisting of Options or Stock Appreciation Rights that are exercisable for more than 2 million shares of Common Stock;

(iii) no Participant may be granted during any calendar year Cash Awards having a value determined on the date of grant in excess of \$20,000,000;

(iv) any payment due with respect to a Performance Award shall be paid no later than 10 years after the date of grant of such Performance Award; and

(v) Awards to Directors shall not be made in any year in which a sufficient number of shares of Common Stock are not available to make such Awards under the Plan, and no Director may be granted during any calendar year Awards under the Plan (valued as determined on the date of grant) and cash compensation granted under the Plan or otherwise having an aggregate value in excess of \$950,000.

Subject to Paragraph XII hereof, any Award other than an Award that is payable solely in cash shall have a minimum restricted period or vesting period of one year from the date of grant (the "Minimum Restrictions"). The foregoing notwithstanding, 5% of the total number of shares of Common Stock that may be issued under the Plan shall not be subject to the Minimum Restrictions. Notwithstanding any provision of the Plan to the contrary, each share of Common Stock acquired under this Plan must be held and transferred in compliance with the Forum Energy Technologies, Inc. Stock Ownership Requirements Policy.

A Participant may be granted Awards in combination such that portions of the Award are subject to differing limitations set out in the clauses in this Paragraph V(a), in which event each portion of the combination Award is subject only to a single appropriate limitation in the clauses above. For example, if an Employee Participant is granted a Performance Award that is in part a stock-based Award and in part a Cash Award, then the stock-based awards shall only be subject to the limitation in clauses (i) and (ii) and the Cash Award shall be subject only to the limitation in



clause (iii).

(b) **Stock Offered.** Subject to the limitations set forth in Paragraph V(a), the stock to be offered pursuant to the grant of an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Company. Any of such shares which remain unissued and which are not subject to outstanding Awards at the termination of the Plan shall cease to be subject to the Plan but, until termination of the Plan, the Company shall at all times make available a sufficient number of shares to meet the requirements of the Plan. The shares of the Company's stock to be issued pursuant to any Award may be represented by physical stock certificates or may be uncertificated. Notwithstanding references in the Plan to certificates, the Company may deliver uncertificated shares of Common Stock in connection with any Award.

## VI. ELIGIBILITY

Awards may be granted only to persons who, at the time of grant, are Employees, Consultants, or Directors. An Award may be granted on more than one occasion to the same person.

## VII. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

(a) **Exercise Period.** The term of each Option and Stock Appreciation Right shall be as specified by the Committee at the date of grant, but in no event shall the term exceed 10 years.

(b) **Limitations on Exercise.** Subject to the Minimum Restrictions, Options and Stock Appreciation Rights shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(c) **Special Limitations on Incentive Stock Options.** An Incentive Stock Option may be granted only to an individual who is employed by the Company or any parent or subsidiary corporation (as defined in Section 424 of the Code) of the Company at the time the Option is granted. To the extent that the aggregate fair market value (determined at the time the respective Incentive Stock Option is granted) of stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and

subsidiary corporations exceeds \$100,000, such Incentive Stock Options shall be treated as Nonqualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury regulations, and other administrative pronouncements, which of a Participant's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of Section 422(b)(6) of the Code, unless (i) at the time such Option is granted, the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant. Except as otherwise provided in Sections 421 or 422 of the Code, an Incentive Stock Option shall not be transferable otherwise than by will or the laws of descent and distribution and shall be exercisable during the Participant's lifetime only by such Participant or the Participant's guardian or legal representative.

(d) **Option Agreement; Stock Appreciation Right Agreement.** Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve, including, without limitation, provisions to qualify an Option as an Incentive Stock Option under Section 422 of the Code. Each Stock Appreciation Right shall be evidenced by a Stock Appreciation Right Agreement. Each Option Agreement and Stock Appreciation Right Agreement may specify the effect of termination of (i) employment, (ii) the consulting or advisory relationship or (iii) membership on the Board, as applicable, or a Change in Control on the exercisability of the Option or Stock Appreciation Right. An Option Agreement may provide for the payment of the exercise price, in whole or in part, by the delivery of a number of shares of Common Stock (plus cash if necessary) having a Fair Market Value equal to such exercise price. Moreover, an Option Agreement may provide for a "cashless exercise" of the Option by establishing procedures satisfactory to the Committee with respect thereto. Further, an Option Agreement may provide, on such terms and conditions as the Committee in its sole discretion may prescribe, for the grant of a Stock Appreciation Right in connection with the grant of an Option and, in such case, the exercise of the Stock Appreciation Right shall result in the surrender of the right to purchase a number of shares under the Option equal to the number of shares with respect to which the Stock Appreciation Right is exercised (and vice versa). In the case of any Stock Appreciation Right that is granted in connection with an Incentive Stock Option, such right shall be exercisable only when the Fair Market Value of the Common Stock exceeds the exercise price specified therefor in the Option or the portion thereof to be surrendered. The terms and conditions of the respective Option Agreements and Stock Appreciation Right Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Option Agreement and Stock Appreciation Right Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan.

(e) **Exercise Price and Payment.** The exercise price shall be determined by the Committee but, subject to adjustment as provided in Paragraph XII, such exercise price shall not be less than the Fair Market Value of a share of Common Stock on the date an Option is granted. An Option, Stock Appreciation Right or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company, as specified by the Committee. The exercise price shall be paid in full in the manner prescribed by the Committee. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Nonqualified Stock Option.

(f) **Restrictions on Repricing of Options.** Except as provided in Paragraph XII, the Committee may not, without approval of the stockholders of the Company, lower the exercise price of an Option or Stock Appreciation Right after the date of grant nor may any outstanding Option or Stock Appreciation Right granted under the Plan be surrendered to the Company as consideration for the grant of a new Option with a lower exercise price, cash or a new Award. Any other action that is deemed to be a repricing under any applicable rule of the New York Stock Exchange shall be prohibited unless there is prior approval by the stockholders of the Company.

(g) **Stockholder Rights and Privileges.** The Participant shall be entitled to all the privileges and rights of a stockholder only with respect to such shares of Common Stock delivered to the Participant after exercise of an Option.

(h) **Options and Rights in Substitution for Options Granted by Other Employers.** Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for options and such rights held by individuals providing services to corporations or other entities who become Employees, Consultants, or Directors as a result of a merger or consolidation or other business transaction with the Company or any Affiliate.

## VIII. RESTRICTED STOCK AWARDS

(a) **Forfeiture Restrictions to be Established by the Committee.** Shares of Common Stock that are the subject of a Restricted Stock Award shall be subject the Minimum Restrictions and to other restrictions on disposition by the Participant and an obligation of the Participant to forfeit and surrender the shares to the Company under certain circumstances as determined

by the Committee (the “**Forfeiture Restrictions**”). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse upon (i) the attainment of one or more Performance Measures, (ii) the Participant’s continued employment with the Company or its Affiliate or continued service as a Consultant or Director for a specified period of time, (iii) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion (including, without limitation, a Change in Control), or (iv) a combination of any of the foregoing. Each Restricted Stock Award may have different Forfeiture Restrictions, in the discretion of the Committee.

(b) **Other Terms and Conditions.** Unless provided otherwise in a Restricted Stock Agreement, the Participant shall have the right to receive dividends with respect to Common Stock subject to a Restricted Stock Award, to vote Common Stock subject thereto, and to enjoy all other stockholder rights, except that (i) the Participant shall not be entitled to delivery of the stock certificate and dividends until the Forfeiture Restrictions have expired, (ii) the Company shall retain custody of the stock and any dividends until the Forfeiture Restrictions have expired, (iii) the Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of the stock until the Forfeiture Restrictions have expired, and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award and any associated dividends. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions, or restrictions relating to Restricted Stock Awards, including, but not limited to, (i) rules pertaining to the termination of employment, or service as a Consultant or Director, of a Participant prior to expiration of the Forfeiture Restrictions, or (ii) if the Award is intended to be a Performance Award, providing that dividends are subject to the same Performance Measures as the underlying Award. If dividends are subject to the same Performance Measures of an Award intended to be a Performance Award, the Participant shall not be entitled to such dividends until the Performance Measures of the Award have been met and payment has been determined by the Committee. Such additional terms, conditions, or restrictions shall be set forth in a Restricted Stock Agreement made in conjunction with the Award.

(c) **Payment for Restricted Stock.** The Committee shall determine the amount and form of any payment for Common Stock received pursuant to a Restricted Stock Award, provided that in the absence of such a determination, a Participant shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

(d) **Restricted Stock Agreements.** At the time any Award is made under this Paragraph VIII, the Company and the Participant shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Restricted Stock Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan.

## **IX. PERFORMANCE AWARDS**

(a) **Performance Period.** The Committee shall establish, with respect to and at the time of each Performance Award, the number of shares of Common Stock subject to, or the maximum value of, the Performance Award and the performance period over which the performance applicable to the Performance Award shall be measured.

(b) **Performance Awards.** Performance Awards shall be paid, vested or otherwise deliverable, in whole or in part, on account of the attainment of one or more Performance Measures that are contingent upon future performance of the Company, an individual, or any Affiliate, division, or department of the Company during the performance period. Prior to the payment of any compensation based on the achievement of Performance Measures applicable to Performance Awards, the Committee must certify that applicable Performance Measures and any of the material terms thereof were, in fact, satisfied. Subject to the Minimum Restrictions and the foregoing provisions, the terms, conditions and limitations applicable to any Performance Awards made pursuant to the Plan shall be determined by the Committee. The amount of cash or shares payable or vested pursuant to Awards that are intended to be Performance Awards may be adjusted by the Committee on a formula or discretionary basis, or any combination, as the Committee determines.

(c) **Payment.** Following the end of the performance period, the holder of a Performance Award shall be entitled to receive payment of an amount not exceeding the number of shares of Common Stock subject to, or the maximum value of, the Performance Award, based on the achievement of the Performance Measures for such performance period, as determined and certified by the Committee. Payment of a Performance Award may be made in cash, Common Stock, or a combination thereof, as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. If a Performance Award covering shares of Common Stock is to be paid in cash, such payment shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Performance Award Agreement. A Participant shall not be entitled to the privileges and rights of a stockholder with respect to a Performance Award covering shares of Common Stock until payment has been determined by the Committee and such shares have been delivered to the Participant.

(d) **Termination of Award.** A Performance Award shall terminate if the Participant does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable performance period through the payment date, except as may be determined by the Committee.

(e) **Performance Award Agreements.** At the time any Award is made under this Paragraph IX, the Company and the Participant shall enter into a Performance Award Agreement setting forth each of the matters contemplated hereby and such additional matters as the Committee may determine to be appropriate. The terms and provisions of Performance Award Agreements need not be identical.

## **X. RESTRICTED STOCK UNIT AWARDS**

(a) **Forfeiture Restrictions to be Established by Committee.** Awards of Restricted Stock Units shall be subject to the Minimum Restrictions and to other restrictions and an obligation of the Participant to forfeit the Award under certain circumstances as determined by the Committee (the "Forfeiture Restrictions"). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse upon (i) the attainment of one or more Performance Measures, (ii) the Participant's continued employment with the Company or its Affiliate or continued service as a Consultant or Director for a specified period of time, (iii) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion (including, without limitation, a Change in Control), or (iv) a combination of any of the foregoing. Each Restricted Stock Unit Award may have different Forfeiture Restrictions, in the discretion of the Committee.

(b) **Other Terms and Conditions.** The Committee may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to the Restricted Stock Unit Award, including, but not limited to, rules pertaining to the termination of the Participant's service prior to expiration of the Forfeiture Restrictions, as shall be set forth in the Restricted Stock Unit Award Agreement and as are consistent with the terms of the Plan. Cash dividend equivalents may be paid after the vesting period with respect to a Restricted Stock Unit Award and, with respect to Awards intended to be Performance Awards, may be subject to the same Performance Goals as the underlying Award, as determined by the Committee. The Committee, in its sole discretion, may provide for the deferral of a Restricted Stock Unit Award.

(c) **Payment.** Following the end of the vesting period for a Restricted Stock Unit Award (or at such other time as the applicable Restricted Stock Unit Award Agreement may provide), the holder of a Restricted Stock Unit Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Restricted Stock Unit Award, based on the then vested value of the Award. Payment of a Restricted Stock Unit Award may be made in cash, Common Stock, or a combination thereof as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. Any payment to be made in cash shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Restricted Stock Unit Award Agreement. A Participant shall not be entitled to the privileges and rights of a

stockholder with respect to a Restricted Stock Unit Award until the shares of Common Stock have been delivered to the Participant.

(d) **Termination of Award**. A Restricted Stock Unit Award shall terminate if the Participant does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable vesting period, except as may be otherwise determined by the Committee.

(e) **Restricted Stock Unit Award Agreements**. At the time any Award is made under this Paragraph X, the Company and the Participant shall enter into a Restricted Stock Unit Award Agreement setting forth each of the matters contemplated hereby and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Unit Award Agreements need not be identical.

## **XI. BONUS STOCK AWARDS**

Each Bonus Stock Award granted to a Participant shall constitute a transfer of unrestricted shares of Common Stock on such terms and conditions as the Committee shall determine. Bonus Stock Awards shall be made in shares of Common Stock and need not be subject to performance criteria or objectives or to forfeiture. The purchase price, if any, for shares of Common Stock issued in connection with a Bonus Stock Award shall be determined by the Committee in its sole discretion.

## XII. RECAPITALIZATION OR REORGANIZATION

(a) **No Effect on Right or Power.** The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's or any Affiliate's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any Affiliate, any sale, lease, exchange, or other disposition of all or any part of its assets or business, or any other corporate act or proceeding.

(b) **Subdivision or Consolidation of Shares; Stock Dividends.** The shares with respect to which Awards may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an Award theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock, the number of shares of Common Stock with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding shares, shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, shall be proportionately reduced, and the purchase price per share shall be proportionately increased. Any fractional share resulting from such adjustment shall be rounded up to the next whole share.

(c) **Recapitalizations and Corporate Changes.** If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a "*recapitalization*"), the number and class of shares of Common Stock or other property covered by an Award theretofore granted and the purchase price of Common Stock or other consideration subject to such Award shall be adjusted so that such Award shall thereafter cover the number and class of shares of stock and securities to which the Participant would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the Participant had been the holder of record of the number of shares of Common Stock then covered by such Award. If (i) the Company shall not be the surviving entity in any merger, consolidation or reorganization (or survives only as a subsidiary of an entity), (ii) the Company sells, leases, or exchanges or agrees to sell, lease, or exchange all or substantially all of its assets to any other person or entity, (iii) the Company is to be dissolved and liquidated, (iv) any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, acquires or gains ownership or control (including, without limitation, the power to vote) of more than 50% of the outstanding shares of the Company's voting stock (based upon voting power), or (v) as a result of or in connection with a contested election of Directors, the persons who were Directors of the Company before such election shall cease to constitute a majority of the Board (each such event is referred to herein as a "*Corporate Change*"), no later than (x) 10 days after the approval by the stockholders of the Company of such merger, consolidation, reorganization, sale, lease, or exchange of assets or dissolution and liquidation or such election of Directors or (y) 30 days after a Corporate Change of the type described in clause (iv), the Committee, acting in its sole discretion without the consent or approval of any Participant, shall effect one or more of the following alternatives in an equitable and appropriate manner to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, which alternatives may vary among individual Participants and which may vary among Options or Stock Appreciation Rights held by any individual Participant: (1) accelerate the time at which Options or Stock Appreciation Rights then outstanding may be exercised so that such Awards may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all such unexercised Awards and all rights of Participants thereunder shall



terminate, (2) require the mandatory surrender to the Company by all or selected Participants of some or all of the outstanding Options or Stock Appreciation Rights held by such Participants (irrespective of whether such Awards are then exercisable under the provisions of the Plan) as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee shall thereupon cancel such Awards and the Company shall pay (or cause to be paid) to each Participant an amount of cash per share equal to the excess, if any, of the amount calculated in Subparagraph (d) below (the “*Change in Control Value*”) of the shares subject to such Awards over the exercise price(s) under such Awards for such shares, or (3) make such adjustments to Options or Stock Appreciation Rights then outstanding as the Committee deems appropriate to reflect such Corporate Change and to prevent the dilution or enlargement of rights (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to such Awards then outstanding), including, without limitation, adjusting such an Award to provide that the number and class of shares of Common Stock covered by such Award shall be adjusted so that such Award shall thereafter cover securities of the surviving or acquiring corporation or other property (including, without limitation, cash) as determined by the Committee in its sole discretion.

(d) **Change in Control Value**. For the purposes of clause (2) in Subparagraph (c) above, the “*Change in Control Value*” shall equal the amount determined in the following clause (i), (ii) or (iii), whichever is applicable: (i) the per share price offered to stockholders of the Company in any such merger, consolidation, reorganization, sale of assets or dissolution and liquidation transaction, (ii) the price per share offered to stockholders of the Company in any tender offer or exchange offer whereby a Corporate Change takes place, or (iii) if such Corporate Change occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which such Options or Stock Appreciation Rights being surrendered

are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Awards. In the event that the consideration offered to stockholders of the Company in any transaction described in this Subparagraph (d) or Subparagraph (c) above consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(e) **Other Changes in the Common Stock**. In the event of changes in the outstanding Common Stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges, or other relevant changes in capitalization or distributions (other than ordinary dividends) to the holders of Common Stock occurring after the date of the grant of any Award and not otherwise provided for by this Paragraph XII, such Award and any agreement evidencing such Award shall be subject to adjustment by the Committee at its sole discretion as to the number and price of shares of Common Stock or other consideration subject to such Award in an equitable and appropriate manner to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under such Award. In the event of any such change in the outstanding Common Stock or distribution to the holders of Common Stock, or upon the occurrence of any other event described in this Paragraph XII, the aggregate maximum number of shares available under the Plan, the aggregate maximum number of shares that may be issued under the Plan through Incentive Stock Options, and the maximum number of shares that may be subject to Awards granted to any one individual shall be appropriately adjusted to the extent, if any, determined by the Committee, whose determination shall be conclusive.

(f) **Stockholder Action**. Any adjustment provided for in the above Subparagraphs shall be subject to any required stockholder action.

(g) **No Adjustments Unless Otherwise Provided**. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

(h) **Adjustments in Compliance with Section 409A of the Code**. No adjustment pursuant to this Paragraph XII shall be made in a manner that results in noncompliance with the requirements of Section 409A of the Code, to the extent applicable.

### **XIII. TERMINATION ON OR AFTER CHANGE IN CONTROL**

If a Change in Control occurs and, on or within two years after the date of consummation of such Change in Control, a Participant's employment with the Company and its Affiliates is terminated involuntarily by the Company without Cause or by the Participant for Good Reason, then (a) any Award other than Performance Awards held by the Participant at the time of the Participant's termination shall become fully vested and exercisable and all Forfeiture Restrictions shall immediately lapse and (b) any Performance Award held by the Participant at the time of the Participant's termination shall become fully vested and all Forfeiture Restrictions shall immediately lapse and such Performance Award shall be deemed to have been earned at the target level.

#### **XIV. AMENDMENT AND TERMINATION OF THE PLAN**

The Board in its discretion may terminate the Plan at any time with respect to any shares of Common Stock for which Awards have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time; provided that no change in the Plan may be made that would materially impair the rights of a Participant with respect to an Award theretofore granted without the consent of the Participant, and provided, further, that the Board may not, without approval of the stockholders of the Company, (a) amend the Plan to increase the aggregate maximum number of shares that may be issued under the Plan, increase the aggregate maximum number of shares that may be issued under the Plan through Incentive Stock Options, or change the class of individuals eligible to receive Awards under the Plan, or (b) amend or delete Paragraph VII(f).

#### **XV. SPECIAL PROVISIONS RELATED TO SECTION 409A OF THE CODE**

(a) **Intent and Interpretation.** It is intended that the payments and benefits provided under the Plan and any Award shall either be exempt from the application of, or comply with, the requirements of Section 409A of the Code. The Plan and all Award agreements shall be construed in a manner that effects such intent. Nevertheless, the tax treatment of the benefits provided under the Plan or any Award is not warranted or guaranteed. Neither the Company, its Affiliates nor their respective directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant or other taxpayer as a result of the Plan or any Award.

(b) **Permissible Payments.** Notwithstanding anything in the Plan or in any Award agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable, or a different form of payment (e.g., lump sum or installment) would be effected, under the Plan or any Award agreement by reason of the occurrence of a Corporate Change or Change in Control or the Participant’s separation from service, such amount or benefit will not be payable or distributable to the Participant, and/or such different form of payment will not be effected, by reason of such circumstance unless the circumstances giving rise to such Corporate Change or Change in Control or separation from service meet any description or definition of “change in control event” or “separation from service”, as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the next earliest payment or distribution date or event specified in the Award agreement that is permissible under Section 409A of the Code. If this provision prevents the application of a different form of payment of any amount or benefit, such payment shall be made in the same form as would have applied absent such designated event or circumstance.

(c) **Required Delay.** Notwithstanding anything in the Plan or in any Award agreement to the contrary, if any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award agreement by reason of a Participant’s separation from service during a period in which the Participant is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Participant’s separation from service will be accumulated through and paid or provided on the earlier of (a) the date of the Participant’s death or (b) the date that is six months after the date of the Participant’s separation from service with the Company (in either case, the “**Required Delay Period**”); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

(d) **Specified Employee Defined.** For purposes of the Plan, the term “Specified Employee” has the meaning given such term in Section 409A of the Code and the final regulations thereunder, provided, however, that, as permitted in such final regulations, the Company’s Specified Employees and its application of the six-month delay rule of Section 409A(a)(2)(B)(i) of the Code shall be determined in accordance with rules adopted by the Board or any committee of the Board, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including the Plan.

## XVI. MISCELLANEOUS

(a) **No Right To An Award.** Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give any individual any right to be granted an Award, or any other rights hereunder except as may be evidenced by an Award agreement duly executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of

its obligations under any Award.

(b) **No Employment/Membership Rights Conferred.** Nothing contained in the Plan shall (i) confer upon any Employee or Consultant any right with respect to continuation of employment or of a consulting or advisory relationship with the Company or any Affiliate or (ii) interfere in any way with the right of the Company or any Affiliate to terminate his or her employment or consulting or advisory relationship at any time. Nothing contained in the Plan shall confer upon any Director any right with respect to continuation of membership on the Board.

(c) **Other Laws; Withholding.** The Company shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933, as amended, and such other state and federal laws, rules, and regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules, and regulations available for the issuance and sale of such shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations.

(d) **No Restriction on Corporate Action.** Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

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(e) **Restrictions on Transfer.** An Award (other than an Incentive Stock Option, which shall be subject to the transfer restrictions set forth in Paragraph VII(c)) shall not be transferable otherwise than (i) by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, or (iii) with the consent of the Committee.

(f) **Clawback.** Awards and amounts paid or payable pursuant to or with respect to Awards under this Plan, including any cash bonus or cash incentive award program of the Company, to a Participant who is (or was) an “executive officer” of the Company within the meaning of Rule 3b-7 promulgated pursuant to the Exchange Act, shall be subject to clawback in the event that the Company’s financial statements are required to be restated as a result of material non-compliance with any financial reporting requirements under federal securities laws to the extent that the Committee determines, in its discretion, that such restatement is a result of such executive officer’s commission of fraud or willful misconduct. Notwithstanding any provision of the Plan or any Award agreement to the contrary, the Company reserves the right, without the consent of any Participant, to adopt any additional clawback policies and procedures, including such policies and procedures applicable to the Plan or any Award agreement with retroactive effect.

(g) **Foreign Awardees.** Without amending the Plan, the Committee may grant Awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with the provisions of laws and regulations in other countries or jurisdiction in which the Company or its Affiliates operate.

(h) **Governing Law.** The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

**EXHIBIT A**  
**2016 STOCK AND INCENTIVE PLAN**  
**(As Amended and Restated Effective as of May 14, 2019)**

Except as otherwise provided in an Award agreement, the definitions set forth in this Exhibit A shall also apply in the case of any provision of the Plan or any Award agreement that includes the term “**Change in Control:**”

**Acquiring Person** means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

**Change in Control means:**

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either (1) the then outstanding shares of common stock of the Company (the “**Outstanding Company Common Stock**”) or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “**Outstanding Company Voting Securities**”); *provided, however*, that for purposes of this subsection (a) any acquisition by any Acquiring Person pursuant to a transaction which complies with clause (c)(1) of this definition shall not constitute a Change in Control; or

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

(c) The consummation of a Corporate Transaction unless, following such Corporate Transaction, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Company (if it be the ultimate parent entity following such Corporate Transaction) or the corporation resulting from such Corporate Transaction (or the ultimate parent entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets

either directly or through one or more subsidiaries), and (2) at least a majority of the members of the board of directors of the ultimate parent entity resulting from such Corporate Transaction were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction. For purposes of the foregoing sentence, only (A) shares of common stock and voting securities of the Company, assuming the Company is the ultimate parent entity following such Corporate Transaction, held by a beneficial owner immediately prior to such Corporate Transaction and any additional shares of common stock and voting securities of the Company issuable to such beneficial owner in connection with such Corporate Transaction in respect of the shares of common stock and voting securities of the Company held by such beneficial owner immediately prior to such Corporate Transaction, or (B) shares of common stock and voting securities of the ultimate parent entity following such Corporate Transaction, assuming the Company is not the ultimate parent entity following such Corporate Transaction, issuable to a beneficial owner in respect of the shares of common stock and voting securities of the Company held by such beneficial owner immediately prior to such Corporate Transaction, in either case shall be included in determining whether or not the fifty percent (50%) ownership test in this subsection (c) has been satisfied.

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

**Exchange Act** means the Securities Exchange Act of 1934, as amended.

**Person** means any natural person, limited liability company, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, and any government or agency or political subdivision thereof.



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