

FMC TECHNOLOGIES INC  
 Form 10-Q  
 October 24, 2014  
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UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

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FORM 10-Q

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Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the quarterly period ended September 30, 2014  
 or  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
 Commission File Number 001-16489

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FMC Technologies, Inc.  
 (Exact name of registrant as specified in its charter)

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Delaware	36-4412642
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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5875 N. Sam Houston Parkway W., Houston, Texas	77086
(Address of principal executive offices)	(Zip Code)
(281) 591-4000	
(Registrant's telephone number, including area code)	

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 21, 2014
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Common Stock, par value \$0.01 per share

233,846,456

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this report are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “estimate,” “outlook” and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve risks and uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to differ materially from those contemplated in the forward-looking statements include those set forth in Part II, Item 1A, “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as well as the following:

- Demand for our systems and services, which is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets;
- Potential liabilities arising out of the installation or use of our systems;
- U.S. and international laws and regulations, including environmental regulations, that may increase our costs, limit the demand for our products and services or restrict our operations;
- Disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we conduct business;
- Fluctuations in currency markets worldwide;
- Cost overruns that may affect profit realized on our fixed price contracts;
- Disruptions in the timely delivery of our backlog and its effect on our future sales, profitability and our relationships with our customers;
- The cumulative loss of major contracts or alliances;
- Rising costs and availability of raw materials;
- Our dependence on the continuing services of key managers and employees and our ability to attract, retain and motivate additional highly-skilled employees for the operation and expansion of our business;
- A failure of our information technology infrastructure or any significant breach of security;
- Our ability to develop and implement new technologies and services, as well as our ability to protect and maintain critical intellectual property assets;
- Deterioration in future expected profitability or cash flows and its effect on our goodwill;
- The outcome of uninsured claims and litigation against us; and
- Downgrade in the ratings of our debt could restrict our ability to access the debt capital markets.

We wish to caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In millions, except per share data)	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2014	2013	2014	2013	
Revenue:					
Product revenue	\$1,559.0	\$1,370.5	\$4,598.5	\$4,070.0	
Service and other revenue	417.7	354.0	1,187.9	1,008.4	
Total revenue	1,976.7	1,724.5	5,786.4	5,078.4	
Costs and expenses:					
Cost of product revenue	1,198.9	1,106.6	3,545.3	3,280.8	
Cost of service and other revenue	280.7	247.2	845.6	730.3	
Selling, general and administrative expense	170.8	165.9	542.0	508.8	
Research and development expense	29.9	27.2	84.6	84.9	
Total costs and expenses	1,680.3	1,546.9	5,017.5	4,604.8	
Gain on sale of Material Handling Products (Note 4)	(1.3	) —	84.3	—	
Other income (expense), net	(26.5	) (0.2	) (29.2	) 1.0	
Income before net interest expense and income taxes	268.6	177.4	824.0	474.6	
Net interest expense	(8.0	) (8.2	) (24.5	) (25.1	)
Income before income taxes	260.6	169.2	799.5	449.5	
Provision for income taxes	90.1	51.8	264.8	122.0	
Net income	170.5	117.4	534.7	327.5	
Net income attributable to noncontrolling interests	(0.7	) (1.4	) (3.4	) (3.9	)
Net income attributable to FMC Technologies, Inc.	\$169.8	\$116.0	\$531.3	\$323.6	
Earnings per share attributable to FMC Technologies, Inc. (Note 3):					
Basic	\$0.72	\$0.49	\$2.24	\$1.36	
Diluted	\$0.72	\$0.49	\$2.24	\$1.35	
Weighted average shares outstanding (Note 3):					
Basic	236.4	238.2	236.8	238.4	
Diluted	237.0	238.9	237.3	239.2	

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

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FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net income	\$170.5	\$117.4	\$534.7	\$327.5
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments <sup>(1)</sup>	(60.8	) 8.9	(44.4	) (70.1
Net gains (losses) on hedging instruments:				
Net gains (losses) arising during the period	(40.7	) 23.3	(49.1	) 17.1
Reclassification adjustment for net losses (gains) included in net income	2.0	(0.6	) (4.9	) (1.7
Net gains (losses) on hedging instruments <sup>(2)</sup>	(38.7	) 22.7	(54.0	) 15.4
Pension and other post-retirement benefits:				
Reclassification adjustment for amortization of prior service credit included in net income	—	(0.1	) (0.1	) (0.3
Reclassification adjustment for amortization of net actuarial loss included in net income	3.1	5.1	9.1	15.3
Net pension and other post-retirement benefits <sup>(3)</sup>	3.1	5.0	9.0	15.0
Other comprehensive income (loss), net of tax	(96.4	) 36.6	(89.4	) (39.7
Comprehensive income	74.1	154.0	445.3	287.8
Comprehensive income attributable to noncontrolling interest	(0.7	) (1.4	) (3.4	) (3.9
Comprehensive income attributable to FMC Technologies, Inc.	\$73.4	\$152.6	\$441.9	\$283.9

<sup>(1)</sup> Net of income tax (expense) benefit of \$5.5 and \$(0.8) for the three months ended September 30, 2014 and 2013, respectively, and \$4.3 and \$1.2 for the nine months ended September 30, 2014 and 2013, respectively.

<sup>(2)</sup> Net of income tax (expense) benefit of \$9.9 and \$(11.2) for the three months ended September 30, 2014 and 2013, respectively, and \$9.0 and \$2.8 for the nine months ended September 30, 2014 and 2013, respectively.

<sup>(3)</sup> Net of income tax (expense) benefit of \$(1.4) and \$(2.7) for the three months ended September 30, 2014 and 2013, respectively, and \$(4.8) and \$(8.1) for the nine months ended September 30, 2014 and 2013, respectively.

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2014	December 31, 2013
(In millions, except par value data)	(Unaudited)	
Assets		
Cash and cash equivalents	\$511.5	\$399.1
Trade receivables, net of allowances of \$9.4 in 2014 and \$7.4 in 2013	2,268.8	2,067.2
Inventories, net (Note 5)	1,046.1	980.4
Derivative financial instruments (Note 12)	125.8	165.9
Prepaid expenses	64.8	41.5
Deferred income taxes	55.0	59.1
Other current assets	331.4	309.8
Total current assets	4,403.4	4,023.0
Investments	38.3	44.3
Property, plant and equipment, net of accumulated depreciation of \$835.9 in 2014 and \$770.2 in 2013	1,447.0	1,349.1
Goodwill	566.2	580.7
Intangible assets, net of accumulated amortization of \$114.4 in 2014 and \$97.3 in 2013	292.9	315.3
Deferred income taxes	37.7	36.9
Derivative financial instruments (Note 12)	41.8	68.5
Other assets	207.1	187.8
Total assets	\$7,034.4	\$6,605.6
Liabilities and equity		
Short-term debt and current portion of long-term debt	\$10.0	\$42.5
Accounts payable, trade	707.8	750.7
Advance payments and progress billings	1,036.6	803.2
Accrued payroll	257.0	222.0
Derivative financial instruments (Note 12)	136.0	171.3
Income taxes payable	95.3	138.1
Deferred income taxes	73.5	66.4
Other current liabilities	381.9	420.5
Total current liabilities	2,698.1	2,614.7
Long-term debt, less current portion (Note 6)	1,337.0	1,329.8
Accrued pension and other post-retirement benefits, less current portion	79.2	84.0
Derivative financial instruments (Note 12)	67.9	47.1
Deferred income taxes	75.7	90.3
Other liabilities	102.9	103.4
Commitments and contingent liabilities (Note 14)		
Stockholders' equity (Note 11):		
Preferred stock, \$0.01 par value, 12.0 shares authorized in 2014 and 2013; no shares issued in 2014 or 2013	—	—
Common stock, \$0.01 par value, 600.0 shares authorized in 2014 and 2013; 286.3 shares issued in 2014 and 2013; 233.9 and 235.8 shares outstanding in 2014 and 2013, respectively	2.9	2.9
Common stock held in employee benefit trust, at cost; 0.2 shares in 2014 and 2013	(9.2)	(7.7)
Treasury stock, at cost; 52.2 and 50.3 shares in 2014 and 2013, respectively	(1,313.2)	(1,196.6)

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Capital in excess of par value of common stock	727.4	713.2	
Retained earnings	3,675.7	3,146.1	
Accumulated other comprehensive loss	(430.1	) (340.7	)
Total FMC Technologies, Inc. stockholders' equity	2,653.5	2,317.2	
Noncontrolling interests	20.1	19.1	
Total equity	2,673.6	2,336.3	
Total liabilities and equity	\$7,034.4	\$6,605.6	

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



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Nine Months Ended September 30,	
	2014	2013
Cash provided (required) by operating activities:		
Net income	\$534.7	\$327.5
Adjustments to reconcile net income to cash provided (required) by operating activities:		
Depreciation	129.5	117.4
Amortization	43.9	35.6
Employee benefit plan and stock-based compensation costs	53.1	71.9
Deferred income tax provision	7.0	69.2
Unrealized loss on derivative instruments	31.8	3.7
Gain on sale of Material Handling Products	(84.3	) —
Other	14.4	24.3
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	(276.2	) (218.3
Inventories, net	(105.4	) (104.1
Accounts payable, trade	(13.4	) 4.0
Advance payments and progress billings	253.1	311.0
Income taxes	(53.2	) (58.0
Payment of Multi Phase Meters earn-out consideration	(41.5	) (32.2
Accrued pension and other post-retirement benefits, net	(27.3	) (53.2
Other assets and liabilities, net	17.1	(73.6
Cash provided by operating activities	483.3	425.2
Cash provided (required) by investing activities:		
Capital expenditures	(283.7	) (237.5
Proceeds from sale of Material Handling Products, net of cash divested	105.6	—
Other	8.9	2.3
Cash required by investing activities	(169.2	) (235.2
Cash provided (required) by financing activities:		
Net increase (decrease) in short-term debt	(25.3	) 2.2
Net increase in commercial paper	6.6	41.0
Repayments of long-term debt	(1.9	) (136.0
Purchase of treasury stock	(129.8	) (70.8
Payment of Multi Phase Meters earn-out consideration	(31.0	) (25.1
Payments related to taxes withheld on stock-based compensation	(13.0	) (17.2
Excess tax benefits	2.2	7.7
Other	(3.7	) 27.9
Cash required by financing activities	(195.9	) (170.3
Effect of exchange rate changes on cash and cash equivalents	(5.8	) (1.6
Increase in cash and cash equivalents	112.4	18.1
Cash and cash equivalents, beginning of period	399.1	342.1
Cash and cash equivalents, end of period	\$511.5	\$360.2
The accompanying notes are an integral part of the condensed consolidated financial statements.		

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FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of FMC Technologies, Inc. and its consolidated subsidiaries (“FMC Technologies”) have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) and rules and regulations of the Securities and Exchange Commission (“SEC”) pertaining to interim financial information. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP have been condensed or omitted. Therefore, these statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2013.

On February 25, 2011, our Board of Directors approved a stock split of our outstanding shares of common stock. The stock split was completed in the form of a stock dividend; however, upon issuance of the common stock pursuant to the stock split, an amount equal to the aggregate par value of the additional shares of common stock issued was not reclassified from capital in excess of par value to common stock during the first quarter of 2011. This adjustment was made during the first quarter of 2014. All prior-year amounts have been revised to conform to the current year presentation. This adjustment had no overall effect on total equity and did not impact our overall financial position or results of operations for any period presented.

On April 10, 2012, we executed an intercompany foreign currency transaction in the form of a loan from one subsidiary to another. The loan is considered a long-term investment subject to the foreign currency remeasurement exception under GAAP; however, the interest receivable on the lending subsidiary’s financial statements subject to foreign currency remeasurement was inadvertently recorded with the related intercompany loan and was not remeasured using current foreign currency exchange rates at each quarterly period and recorded in income.

Additionally, intercompany interest penalties and related income tax benefits were not recorded by the borrowing subsidiary when such penalties were incurred. As a result, the effect of the correction during the three months ended September 30, 2014 was an \$8.1 million, or \$0.03 per diluted share, reduction to net income.

Our accounting policies are in accordance with GAAP. The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Ultimate results could differ from our estimates.

In the opinion of management, the statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our financial condition and operating results as of and for the periods presented. Revenue, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these statements may not be representative of the results that may be expected for the year ending December 31, 2014.

NOTE 2. RECENTLY ADOPTED ACCOUNTING STANDARDS

Effective January 1, 2014, we adopted Accounting Standards Update (“ASU”) No. 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” issued by the Financial Accounting Standards Board (“FASB”). This update requires the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under the amended guidance, unrecognized tax benefits are netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the unrecognized tax benefits. The updated guidance is applied prospectively, effective January 1, 2014. The adoption of this update concerns presentation and disclosure only as it relates to our condensed consolidated financial statements.

Effective January 1, 2014, we adopted ASU No. 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity” issued by the FASB. This update changes the requirements of reporting discontinued operations. Under the amended guidance, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. The amendments in this update are

effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, with early adoption permitted. The adoption of this update concerns presentation and disclosure only as it relates to our condensed consolidated financial statements.

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## NOTE 3. EARNINGS PER SHARE

A reconciliation of the number of shares used for the basic and diluted earnings per share calculation was as follows:

(In millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net income attributable to FMC Technologies, Inc.	\$169.8	\$116.0	\$531.3	\$323.6
Weighted average number of shares outstanding	236.4	238.2	236.8	238.4
Dilutive effect of restricted stock units and stock options	0.6	0.7	0.5	0.8
Total shares and dilutive securities	237.0	238.9	237.3	239.2
Basic earnings per share attributable to FMC Technologies, Inc.	\$0.72	\$0.49	\$2.24	\$1.36
Diluted earnings per share attributable to FMC Technologies, Inc.	\$0.72	\$0.49	\$2.24	\$1.35

## NOTE 4. SALE OF MATERIAL HANDLING PRODUCTS

On April 30, 2014, we completed the sale of our equity interests of Technisys, Inc., a Utah corporation, and FMC Technologies Energy Holdings Ltd., a private limited liability company organized under the laws of Hong Kong, and assets primarily representing a product line of our material handling business (“Material Handling Products”) to Syntron Material Handling, LLC, an affiliate of Levine Leichtman Capital Partners Private Capital Solutions II, L.P. Material Handling Products was historically reported in our Energy Infrastructure segment. Net of working capital adjustments, we recognized a pretax gain of \$84.3 million on the sale during the nine months ended September 30, 2014.

## NOTE 5. INVENTORIES

Inventories consisted of the following:

(In millions)	September 30, December 31,	
	2014	2013
Raw materials	\$ 190.6	\$ 186.3
Work in process	193.3	141.4
Finished goods	860.5	830.3
	1,244.4	1,158.0
LIFO and valuation adjustments	(198.3	) (177.6
Inventories, net	\$ 1,046.1	\$ 980.4

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## NOTE 6. DEBT

In September 2004, we entered into agreements for the sale and leaseback of an office building having a net book value of \$8.5 million. Under the terms of the agreement, the building was sold for \$9.7 million in net proceeds and leased back to us under a 10-year lease. We subleased this property to a third party under a lease agreement that was accounted for as an operating lease. We accounted for the transaction as a financing transaction and amortized the related obligation using an effective annual interest rate of 5.37%. In September 2014, the sale and leaseback expired and resulted in an immaterial noncash gain.

Long-term debt consisted of the following:

(In millions)	September 30, 2014	December 31, 2013
Commercial paper <sup>(1)</sup>	\$ 508.0	\$ 501.4
2.00% Notes due 2017	299.6	299.5
3.45% Notes due 2022	499.7	499.6
Term loan	24.7	25.9
Property financing	8.9	13.9
Total long-term debt	1,340.9	1,340.3
Less: current portion	(3.9	) (10.5
Long-term debt, less current portion	\$ 1,337.0	\$ 1,329.8

Committed credit available under our revolving credit facility provided the ability to refinance our commercial paper obligations on a long-term basis. As we have both the ability and intent to refinance these obligations on a

<sup>(1)</sup> long-term basis, our commercial paper borrowings were classified as long-term in the condensed consolidated balance sheets at September 30, 2014 and December 31, 2013. As of September 30, 2014, our commercial paper borrowings had a weighted average interest rate of 0.30%.

## NOTE 7. INCOME TAXES

Our income tax provisions for the three months ended September 30, 2014 and 2013, reflected effective tax rates of 34.7% and 30.9%, respectively. The year-over-year increase was primarily due to changes in U.S. and foreign tax law effective from 2014 and an unfavorable change in the forecasted country mix of earnings, partially offset by lower charges related to settlements of tax examinations outside the US and the tax impact of the remeasurement of the Multi Phase Meters earn-out consideration in 2013.

Our income tax provisions for the nine months ended September 30, 2014 and 2013, reflected effective tax rates of 33.3% and 27.4%, respectively. Excluding a retroactive benefit related to the American Taxpayer Relief Act of 2012 recorded in the first quarter of 2013, our effective tax rate for the nine months ended September 30, 2013 was 28.9%. The year-over-year increase from this adjusted rate was primarily due to changes in U.S. and foreign tax law effective from 2014 and an unfavorable change in the forecasted country mix of earnings, partially offset by lower charges related to settlements of tax examinations outside the US and the tax impact of the remeasurement of the Multi Phase Meters earn-out consideration in 2013.

Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays.

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## NOTE 8. WARRANTY OBLIGATIONS

Warranty cost and accrual information was as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Balance at beginning of period	\$19.4	\$15.9	\$18.0	\$15.4
Expense for new warranties	7.4	4.8	18.3	18.7
Adjustments to existing accruals	(0.3	) —	0.3	0.6
Claims paid	(4.7	) (4.6	) (14.8	) (18.6
Balance at end of period	\$21.8	\$16.1	\$21.8	\$16.1

## NOTE 9. PENSION AND OTHER POST-RETIREMENT BENEFITS

In October 2009, the Board of Directors amended the U.S. Qualified and Non-Qualified Defined Benefit Pension Plans (“U.S. Pension Plans”) to freeze participation in the U.S. Pension Plans for all new nonunion employees hired on or after January 1, 2010, and current nonunion employees with less than five years of vesting service as of December 31, 2009 (“frozen participants”). The Company amended the U.S. Qualified Pension Plan, and effective June 1, 2014, the assets and liabilities attributable to participants who are (i) either frozen participants or participants that had terminated service and subsequently became re-employed on or after January 1, 2010, and (ii) active employees of FMC Technologies as of June 1, 2014 were transferred from the U.S. Qualified Pension Plan to the FMC Technologies, Inc. Frozen Retirement Plan (“Frozen Plan”). As of June 1, 2014, the benefits under the Frozen Plan were actuarially equivalent to the benefits each participant would have received under the U.S. Qualified Pension Plan. Under the Frozen Plan, participants have the option to accept cash or an annuity upon the Frozen Plan’s termination. The components of net periodic benefit cost were as follows:

(In millions)	Pension Benefits							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2014		2013		2014		2013	
	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Service cost	\$3.4	\$4.2	\$4.1	\$3.6	\$10.3	\$12.8	\$12.4	\$11.0
Interest cost	7.2	4.6	6.4	3.9	21.8	14.0	19.3	12.0
Expected return on plan assets	(11.5	) (7.5	) (10.4	) (5.8	) (34.7	) (22.8	) (31.2	) (17.6
Amortization of prior service cost (credit)	—	—	—	—	—	0.1	—	—
Amortization of transition asset	—	(0.1	) —	(0.1	) —	(0.1	) —	(0.1
Amortization of actuarial loss (gain), net	3.1	1.8	6.7	1.4	9.2	5.2	20.1	4.0
Net periodic benefit cost	\$2.2	\$3.0	\$6.8	\$3.0	\$6.6	\$9.2	\$20.6	\$9.3
(In millions)	Other Post-retirement Benefits							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2014		2013		2014		2013	
Service cost	\$—	\$0.1	\$—	\$0.1	\$—	\$0.1	\$—	\$0.1
Interest cost	0.1	0.1	0.1	0.3	0.3	0.2	0.2	0.2
Amortization of prior service cost (credit)	—	(0.2	) —	(0.2	) —	(0.4	) —	(0.4
Amortization of actuarial loss (gain), net	(0.1	) (0.1	) (0.1	) (0.2	) (0.2	) (0.2	) (0.2	) (0.2
Net periodic benefit cost	\$—	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1

During the nine months ended September 30, 2014, we contributed \$8.4 million to our domestic pension benefit plans and \$18.5 million to our international pension benefit plans.

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## NOTE 10. STOCK-BASED COMPENSATION

Under the Amended and Restated FMC Technologies, Inc. Incentive Compensation and Stock Plan (the "Plan"), we have primarily granted awards in the form of nonvested stock units (also known as restricted stock units in the plan document). We recognize compensation expense and the corresponding tax benefits for awards under the Plan. Stock-based compensation expense for nonvested stock units was \$9.5 million and \$13.5 million for the three months ended September 30, 2014 and 2013, respectively, and \$37.3 million and \$40.0 million for the nine months ended September 30, 2014 and 2013, respectively.

During the nine months ended September 30, 2014, we granted the following restricted stock units to employees:

(Number of restricted stock shares in thousands)	Shares	Weighted- Average Grant Date Fair Value (per share)
Time-based	456	
Performance-based	171	*
Market-based	86	*
Total granted	713	\$50.66

\* Assumes grant date expected payout

For current-year performance-based awards, actual payouts may vary from zero to 342 thousand shares, contingent upon our performance relative to a peer group of companies with respect to earnings growth and return on investment for the year ending December 31, 2014. Compensation cost is measured based on the current expected outcome of the performance conditions and may be adjusted until the performance period ends.

For current-year market-based awards, actual payouts may vary from zero to 172 thousand shares, contingent upon our performance relative to the same peer group of companies with respect to total shareholder return ("TSR") for a three year period ending December 31, 2016. The payout for the TSR metric is determined based on our performance relative to the peer group, however a payout is possible regardless of whether our TSR for the three year period is positive or negative. If our TSR for the three years is not positive, the payout with respect to TSR is limited to the target previously established by the Compensation Committee of the Board of Directors. Compensation cost for these awards is calculated using the grant date fair market value, as estimated using a Monte Carlo simulation, and is not subject to change based on future events.

## NOTE 11. STOCKHOLDERS' EQUITY

There were no cash dividends declared during the three and nine months ended September 30, 2014 and 2013.

The following is a summary of our treasury stock activity for the nine months ended September 30, 2014 and 2013:

(Number of shares in thousands)	Treasury Stock
Balance as of December 31, 2012	49,061
Stock awards	(944 )
Treasury stock purchases	1,371
Balance as of September 30, 2013	49,488
Balance as of December 31, 2013	50,318
Stock awards	(547 )
Treasury stock purchases	2,388
Balance as of September 30, 2014	52,159

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We repurchased \$129.8 million and \$70.8 million of common stock during the nine months ended September 30, 2014 and September 30, 2013, respectively, under the authorized repurchase program. As of September 30, 2014, our Board of Directors had authorized 75.0 million shares of common stock under our share repurchase program, and approximately 10.5 million shares of common stock remained available for purchase, which may be executed from time to time in the open market. We intend to hold repurchased shares in treasury for general corporate purposes, including issuances under our stock-based compensation plan. Treasury shares are accounted for using the cost method.

Accumulated other comprehensive loss consisted of the following:

(In millions)	Foreign Currency Translation	Hedging	Defined Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
December 31, 2013	\$(204.3	) \$31.9	\$ (168.3	) \$ (340.7
Other comprehensive income (loss) before reclassifications, net of tax	(44.4	) (49.1	) —	(93.5
Reclassification adjustment for net losses (gains) included in net income, net of tax	—	(4.9	) 9.0	4.1
Other comprehensive income (loss), net of tax	(44.4	) (54.0	) 9.0	(89.4
September 30, 2014	\$(248.7	) \$(22.1	) \$ (159.3	) \$ (430.1

Reclassifications out of accumulated other comprehensive loss consisted of the following:

(In millions)	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2013		Affected Line Item in the Condensed Consolidated Statement of Income
Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified out of Accumulated Other Comprehensive Loss				
Gains (losses) on hedging instruments					
Foreign exchange contracts:	\$(12.2	) \$ (3.6	) \$(27.0	) \$ (5.1	Revenue
	9.1	3.4	29.4	6.4	Cost of sales
	—	—	—	0.1	Selling, general and administrative expense
	(3.1	) (0.2	) 2.4	1.4	Income before income taxes
	1.1	0.8	2.5	0.3	Income tax (expense) benefit
	\$(2.0	) \$ 0.6	\$4.9	\$ 1.7	Net income
Defined pension and other post-retirement benefits					
Amortization of actuarial gain (loss)	\$(4.7	) \$ (7.8	) \$(14.0	) \$ (23.5	(a)
Amortization of prior service credit (cost)	0.1	0.1	0.2	0.4	(a)
	(4.6	) (7.7	) (13.8	) (23.1	Income before income taxes
	1.5	2.7	4.8	8.1	Income tax (expense) benefit
	\$(3.1	) \$ (5.0	) \$(9.0	) \$ (15.0	Net income

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 9 for additional details).





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## NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS

We hold derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. The types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates. We hold the following types of derivative instruments:

Foreign exchange rate forward contracts—The purpose of these instruments is to hedge the risk of changes in future cash flows of anticipated purchase or sale commitments denominated in foreign currencies. At September 30, 2014, we held the following material positions:

(In millions)	Notional Amount Bought (Sold)	USD Equivalent
Australian dollar	18.7	16.3
British pound	92.2	149.3
Canadian dollar	(141.3	) (126.4
Euro	196.7	247.7
Kuwaiti dinar	(6.5	) (22.6
Malaysian ringgit	159.4	48.6
Norwegian krone	2,711.5	420.9
Russian ruble	(849.1	) (22.1
Singapore dollar	270.5	212.1
Swedish krona	113.6	15.7
U.S. dollar	(996.9	) (996.9

Foreign exchange rate instruments embedded in purchase and sale contracts—The purpose of these instruments is to match offsetting currency payments and receipts for particular projects, or comply with government restrictions on the currency used to purchase goods in certain countries. At September 30, 2014, our portfolio of these instruments included the following material positions:

(In millions)	Notional Amount Bought (Sold)	USD Equivalent
Brazilian real	(88.3	) (36.0
Norwegian krone	71.6	11.1
U.S. dollar	21.6	21.6

The purpose of our foreign currency hedging activities is to manage the volatility associated with anticipated foreign currency purchases and sales created in the normal course of business. We primarily utilize forward exchange contracts with maturities of less than three years.

Our policy is to hold derivatives only for the purpose of hedging risks and not for trading purposes where the objective is solely to generate profit. Generally, we enter into hedging relationships such that changes in the fair values or cash flows of the transactions being hedged are expected to be offset by corresponding changes in the fair value of the derivatives. For derivative instruments that qualify as a cash flow hedge, the effective portion of the gain or loss of the derivative, which does not include the time value component of a forward currency rate, is reported as a component of other comprehensive income (“OCI”) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

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The following table of all outstanding derivative instruments is based on estimated fair value amounts that have been determined using available market information and commonly accepted valuation methodologies. Refer to Note 13 for further disclosures related to the fair value measurement process. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a current market exchange and may not be indicative of the gains or losses we may ultimately incur when these contracts settle or mature.

(In millions)	September 30, 2014		December 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	\$104.5	\$112.0	\$149.3	\$152.5
Long-term – Derivative financial instruments	40.6	66.0	65.4	44.1
Total derivatives designated as hedging instruments	145.1	178.0	214.7	196.6
Derivatives not designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	21.3	24.0	16.6	18.8
Long-term – Derivative financial instruments	1.2	1.9	3.1	3.0
Total derivatives not designated as hedging instruments	22.5	25.9	19.7	21.8
Total derivatives	\$167.6	\$203.9	\$234.4	\$218.4

We recognized losses of \$0.1 million and \$0.2 million on cash flow hedges for the three months ended September 30, 2014 and 2013, respectively, and losses of \$0.6 million and \$0.3 million for the nine months ended September 30, 2014 and 2013, respectively, as a result of the discontinuance of cash flow hedges because it was probable that the original forecasted transaction would not occur or would not occur by the originally specified time period. Cash flow hedges of forecasted transactions, net of tax, resulted in an accumulated other comprehensive loss of \$22.1 million and gain of \$31.9 million at September 30, 2014, and December 31, 2013, respectively. We expect to transfer an approximate \$0.3 million loss from accumulated OCI to earnings during the next 12 months when the anticipated transactions actually occur.

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The following tables present the impact of derivative instruments in cash flow hedging relationships and their location within the accompanying condensed consolidated statements of income.

(In millions)	Gain (Loss) Recognized in OCI (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Foreign exchange contracts	\$ (51.6	) \$ 33.7	(60.5	) 14.0

  

(In millions)	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$ (12.2	) \$ (3.6	) \$ (27.0	) \$ (5.1
Cost of sales	9.1	3.4	29.4	6.4
Selling, general and administrative expense	—	—	—	0.1
Total	\$ (3.1	) \$ (0.2	) \$ 2.4	\$ 1.4

(In millions)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$ 7.2	\$ (0.6	) \$ 15.9	\$ (0.1
Cost of sales	(5.9	) (3.0	) (19.0	) (7.2
Total	\$ 1.3	\$ (3.6	) \$ (3.1	) \$ (7.3

Instruments that are not designated as hedging instruments are executed to hedge the effect of exposures in the condensed consolidated balance sheets, and occasionally, forward foreign currency contracts or currency options are executed to hedge exposures which do not meet all of the criteria to qualify for hedge accounting.

(In millions)	Gain (Loss) Recognized in Income on Derivatives (Instruments Not Designated as Hedging Instruments)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$ (1.3	) \$ 0.3	\$ (3.3	) \$ 1.4
Cost of sales	—	0.2	0.3	(0.4
Other income (expense), net	12.5	(10.6	) 10.2	(10.3
Total	\$ 11.2	\$ (10.1	) \$ 7.2	\$ (9.3

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Balance Sheet Offsetting—We execute derivative contracts only with counterparties that consent to a master netting agreement which permits net settlement of the gross derivative assets against gross derivative liabilities. Each instrument is accounted for individually and assets and liabilities are not offset. As of September 30, 2014, and December 31, 2013, we had no collateralized derivative contracts. The following tables present both gross information and net information of recognized derivative instruments:

(In millions)	September 30, 2014			December 31, 2013		
	Gross Amount Recognized	Offset Permitted Under Master Netting Agreements	Net Amount	Gross Amount Recognized	Offset Permitted Under Master Netting Agreements	Net Amount
Derivative assets	\$167.6	\$(156.6)	\$11.0	\$234.4	\$(198.5)	\$35.9

  

(In millions)	September 30, 2014			December 31, 2013		
	Gross Amount Recognized	Offset Permitted Under Master Netting Agreements	Net Amount	Gross Amount Recognized	Offset Permitted Under Master Netting Agreements	Net Amount
Derivative liabilities	\$203.9	\$(156.6)	\$47.3	\$218.4	\$(198.5)	\$19.9

## NOTE 13. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis were as follows:

(In millions)	September 30, 2014				December 31, 2013			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investments:								
Equity securities	\$22.0	\$22.0	\$—	\$—	\$21.2	\$21.2	\$—	\$—
Fixed income	8.3	8.3	—	—	13.2	13.2	—	—
Money market fund	3.2	—	3.2	—	3.8	—	3.8	—
Stable value fund	0.6	—	0.6	—	1.0	—	1.0	—
Other	2.3	2.3	—	—	2.4	2.4	—	—
Derivative financial instruments:								
Foreign exchange contracts	167.6	—	167.6	—	234.4	—	234.4	—
Total assets	\$204.0	\$32.6	\$171.4	\$—	\$276.0	\$36.8	\$239.2	\$—
Liabilities								
Derivative financial instruments:								
Foreign exchange contracts	203.9	—	203.9	—	218.4	—	218.4	—
Contingent earn-out consideration	1.6	—	—	1.6	70.1	—	—	70.1
Total liabilities	\$205.5	\$—	\$203.9	\$1.6	\$288.5	\$—	\$218.4	\$70.1

Investments—The fair value measurement of our equity securities, fixed income and other investment assets is based on quoted prices that we have the ability to access in public markets. Our stable value fund and money market fund are valued at the net asset value of the shares held at the end of the quarter, which is based on the fair value of the underlying investments using information reported by the investment advisor at quarter-end.

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Derivative financial instruments—We use the income approach as the valuation technique to measure the fair value of foreign currency derivative instruments on a recurring basis. This approach calculates the present value of the future cash flow by measuring the change from the derivative contract rate and the published market indicative currency rate, multiplied by the contract notional values. Credit risk is then incorporated by reducing the derivative's fair value in asset positions by the result of multiplying the present value of the portfolio by the counterparty's published credit spread. Portfolios in a liability position are adjusted by the same calculation; however, a spread representing our credit spread is used. Our credit spread, and the credit spread of other counterparties not publicly available are approximated by using the spread of similar companies in the same industry, of similar size and with the same credit rating.

At the present time, we have no credit-risk-related contingent features in our agreements with the financial institutions that would require us to post collateral for derivative positions in a liability position.

See Note 12 for additional disclosure related to derivative financial instruments.

Multi Phase Meters contingent earn-out consideration—We determined the fair value of the contingent earn-out consideration using a discounted cash flow model. The key assumptions used in applying the income approach were the expected profitability and debt, net of cash, of the acquired company during the earn-out period and the discount rate which approximates our debt credit rating. The fair value measurement was based upon significant inputs not observable in the market. Changes in the value of the contingent earn-out consideration were recorded as cost of service and other revenue in our condensed consolidated statements of income.

Changes in the fair value of our Level 3 contingent earn-out consideration obligation were as follows:

(In millions)	Three Months Ended September		Nine Months Ended September	
	30, 2014	2013	30, 2014	2013
Balance at beginning of period	\$0.7	\$50.5	\$70.1	\$105.3
Remeasurement adjustment	1.6	8.5	3.6	17.6
Payment	—	—	(72.5	) (57.3
Foreign currency translation adjustment	(0.7	) 0.4	0.4	(6.2
Balance at end of period	\$1.6	\$59.4	\$1.6	\$59.4

Fair value of debt—The fair value, based on Level 1 quoted market rates, of our 2.00% Notes due 2017 and 3.45% Notes due 2022 (collectively, "Senior Notes") was approximately \$794.7 million at September 30, 2014 and approximately \$767.6 million at December 31, 2013, as compared to the \$800.0 million face value of the debt, net of issue discounts, recorded in the condensed consolidated balance sheets.

Other fair value disclosures—The carrying amounts of cash and cash equivalents, trade receivables, accounts payable, short-term debt, commercial paper, debt associated with our term loan, as well as amounts included in other current assets and other current liabilities that meet the definition of financial instruments, approximate fair value.

Credit risk—By their nature, financial instruments involve risk, including credit risk, for non-performance by counterparties. Financial instruments that potentially subject us to credit risk primarily consist of trade receivables and derivative contracts. We manage the credit risk on financial instruments by transacting only with what management believes are financially secure counterparties, requiring credit approvals and credit limits, and monitoring counterparties' financial condition. Our maximum exposure to credit loss in the event of non-performance by the counterparty is limited to the amount drawn and outstanding on the financial instrument. Allowances for losses on trade receivables are established based on collectability assessments. We mitigate credit risk on derivative contracts by executing contracts only with counterparties that consent to a master netting agreement which permits the net settlement of gross derivative assets against gross derivative liabilities.

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NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary course of business with customers, vendors and others, we issue standby letters of credit, performance bonds, surety bonds and other guarantees. The majority of these financial instruments represent guarantees of our future performance. Additionally, we were the named guarantor on certain letters of credit and performance bonds issued by our former subsidiary, John Bean Technologies Corporation (“JBT”). Pursuant to the terms of the Separation and Distribution Agreement, dated July 31, 2008, between FMC Technologies and JBT (the “JBT Separation and Distribution Agreement”), we are fully indemnified by JBT with respect to certain residual obligations.

In August 2014, FMC Technologies entered into an arrangement to guarantee the debt obligations under a revolving credit facility of FMC Technologies Offshore, LLC (“FTO Services”), our joint venture with Edison Chouest Offshore LLC. Under the terms of the guarantee, FMC Technologies and Edison Chouest Offshore LLC jointly and severally guaranteed amounts under the revolving credit facility with a maximum potential amount of future payments of \$40.0 million that would become payable if FTO Services defaults in payment under the terms of the revolving credit facility. The approximate term of the guarantee is two years. The liability recognized at inception for the fair value of our obligation as a guarantor was not material, and we expect our future performance under the guarantee to be remote.

Management does not expect any of these financial instruments to result in losses that, if incurred, would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Contingent liabilities associated with legal matters—We are involved in various pending or potential legal actions in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions, because of the inherent uncertainty of litigation. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

In addition, under the Separation and Distribution Agreement, dated May 31, 2001, between FMC Corporation and FMC Technologies, FMC Corporation is required to indemnify us for certain claims made prior to our spin-off from FMC Corporation, as well as for other claims related to discontinued operations. Under the JBT Separation and Distribution Agreement, JBT is required to indemnify us for certain claims made prior to the spin-off of our Airport and FoodTech businesses, as well as for certain other claims related to JBT products or business operations. We expect that FMC Corporation will bear responsibility for a majority of these claims initiated subsequent to the spin-off, and that JBT will bear most, if not substantially all, of any responsibility for certain other claims initiated subsequent to the spin-off.

Contingent liabilities associated with liquidated damages—Some of our contracts contain penalty provisions that require us to pay liquidated damages if we are responsible for the failure to meet specified contractual milestone dates and the applicable customer asserts a conforming claim under these provisions. These contracts define the conditions under which our customers may make claims against us for liquidated damages. Based upon the evaluation of our performance and other commercial and legal analysis, management believes we have appropriately accrued for probable liquidated damages at September 30, 2014, and December 31, 2013, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations or cash flows for the year ending December 31, 2014.

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## NOTE 15. BUSINESS SEGMENT INFORMATION

Segment revenue and segment operating profit were as follows:

(In millions)	Three Months Ended		Nine Months Ended	
	September 30, 2014	2013	September 30, 2014	2013
Segment revenue				
Subsea Technologies	\$1,300.4	\$1,119.9	\$3,831.0	\$3,336.9
Surface Technologies	556.0	455.9	1,546.4	1,317.8
Energy Infrastructure	124.9	152.4	419.6	444.6
Other revenue <sup>(1)</sup> and intercompany eliminations	(4.6	) (3.7	) (10.6	) (20.9
Total revenue	\$1,976.7	\$1,724.5	\$5,786.4	\$5,078.4
Income before income taxes:				
Segment operating profit:				
Subsea Technologies	\$204.4	\$121.1	\$539.8	\$338.7
Surface Technologies	109.5	74.5	276.6	189.1
Energy Infrastructure <sup>(5)</sup>	5.1	17.9	38.8	51.7
Intercompany eliminations	0.1	—	—	—
Total segment operating profit	319.1	213.5	855.2	579.5
Corporate items:				
Corporate expense <sup>(2)</sup>	(16.1	) (10.4	) (47.8	) (33.2
Other revenue <sup>(1)</sup> and other expense, net <sup>(3)</sup>	(35.1	) (27.1	) 13.2	(75.6
Net interest expense	(8.0	) (8.2	) (24.5	) (25.1
Total corporate items	(59.2	) (45.7	) (59.1	) (133.9
Income before income taxes attributable to FMC Technologies, Inc. <sup>(4)</sup>	\$259.9	\$167.8	\$796.1	\$445.6

<sup>(1)</sup> Other revenue comprises certain unrealized gains and losses on derivative instruments related to unexecuted sales contracts.

<sup>(2)</sup> Corporate expense primarily includes corporate staff expenses.

Other expense, net, generally includes stock-based compensation, other employee benefits, LIFO adjustments,

<sup>(3)</sup> certain foreign exchange gains and losses, and the impact of unusual or strategic transactions not representative of segment operations.

<sup>(4)</sup> Excludes amounts attributable to noncontrolling interests.

Energy Infrastructure segment operating profit for the three months ended September 30, 2014 was reduced by

<sup>(5)</sup> \$6.7 million related to a correction of prior quarters' operating results in 2014 in our automation and control business.



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Segment operating capital employed and assets were as follows:

(In millions)	September 30, 2014	December 31, 2013
Segment operating capital employed <sup>(1)</sup> :		
Subsea Technologies	\$2,039.4	\$2,126.3
Surface Technologies	1,185.6	1,139.1
Energy Infrastructure	331.8	345.4
Total segment operating capital employed	3,556.8	3,610.8
Segment liabilities included in total segment operating capital employed <sup>(2)</sup>	2,679.4	2,272.8
Corporate <sup>(3)</sup>	798.2	722.0
Total assets	\$7,034.4	\$6,605.6
Segment assets:		
Subsea Technologies	\$4,221.5	\$3,923.6
Surface Technologies	1,580.5	1,484.0
Energy Infrastructure	469.8	496.4
Intercompany eliminations	(35.6	) (20.4
Total segment assets	6,236.2	5,883.6
Corporate <sup>(3)</sup>	798.2	722.0
Total assets	\$7,034.4	\$6,605.6

FMC Technologies' management views segment operating capital employed, which consists of assets, net of its

- <sup>(1)</sup> liabilities, as the primary measure of segment capital. Segment operating capital employed excludes debt, pension liabilities, income taxes, and LIFO and valuation adjustments.
- <sup>(2)</sup> Segment liabilities included in total segment operating capital employed consist of trade and other accounts payable, advance payments and progress billings, accrued payroll and other liabilities.
- <sup>(3)</sup> Corporate includes cash, LIFO adjustments, deferred income tax balances, property, plant and equipment not associated with a specific segment, pension assets and the fair value of derivative financial instruments.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Outlook

As the worldwide economy continues to grow, management believes the long-term fundamentals of the global oil and gas market remain solid. While expectations of future energy demand remain closely tied to economic activity in major world economies, total world consumption of crude oil and gas is expected to increase in 2014 and 2015. Oil markets have experienced recent disruptions, but management believes demand for oil will outpace supply in the long-term. Absent any unexpected events related to the geopolitical circumstances in key oil-producing regions, we expect current level crude oil prices to continue to support exploration and production activity.

Our strong subsea project backlog as of September 30, 2014, combined with continued demand for subsea systems and services related to production activity, supports our expectations of improved results. Our mix of projects in subsea backlog remains strong, and as a result, we continue to expect margin improvement in 2014 to exceed 2013. Our customers continue to focus on field development costs and lead times and are seeking solutions from subsea suppliers that will improve their productivity and return on investment. We have standardized many technologies of subsea development and believe this standardization will help our customers, specifically our frame agreement customers, achieve high returns on some of the most challenging deepwater projects and accelerate first oil production. Our comprehensive portfolio of subsea products and technology, along with our valued customer alliances, position us to implement an integrated subsea standard which will assist our customers' subsea developments. Our subsea services business will support the growing installed base of subsea wells, ageing subsea fields, and future offshore developments.

Regarding our surface technologies portfolio, the improved operational results we realized in the first nine months of 2014 were the result of North American surface technologies orders recovering from the slowdown that began in 2012 and that continued into mid 2013. Specifically, our North American fluid control business is now receiving its strongest levels of capital orders since 2012, and we believe this trend will continue in the fourth quarter of 2014 and improve our operational performance for the full year. We continue to integrate our North American surface wellhead and completion services businesses to strengthen our market presence and service offerings which we believe will bring increased value to our customers. Additionally, our international surface wellhead business continues to deliver strong operational results from continued strength in international markets which we expect to continue for the remainder of the year.

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CONSOLIDATED RESULTS OF OPERATIONS  
THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(In millions, except %)	Three Months Ended September 30,		Change	
	2014	2013	\$	%
Revenue	\$1,976.7	\$1,724.5	252.2	14.6
Costs and expenses:				
Cost of sales	1,479.6	1,353.8	125.8	9.3
Selling, general and administrative expense	170.8	165.9	4.9	3.0
Research and development expense	29.9	27.2	2.7	9.9
Total costs and expenses	1,680.3	1,546.9	133.4	8.6
Gain on sale of Material Handling Products	(1.3	) —	(1.3	) *
Other income (expense), net	(26.5	) (0.2	) (26.3	) *
Net interest expense	(8.0	) (8.2	) 0.2	2.4
Income before income taxes	260.6	169.2	91.4	54.0
Provision for income taxes	90.1	51.8	38.3	73.9
Net income	170.5	117.4	53.1	45.2
Net income attributable to noncontrolling interests	(0.7	) (1.4	) 0.7	50.0
Net income attributable to FMC Technologies, Inc.	\$169.8	\$116.0	53.8	46.4

\* Not meaningful

Revenue increased by \$252.2 million in the third quarter of 2014 compared to the prior-year quarter. Revenue in the third quarter of 2014 included a \$17.3 million unfavorable impact of foreign currency translation. The impact of the strong backlog entering 2014 and volume growth in our subsea services, particularly in the Gulf of Mexico, led to increased Subsea Technologies revenue year-over-year. Surface Technologies posted higher revenue during the third quarter of 2014 primarily due to increased sales of conventional wellhead systems in our international surface wellhead businesses and increased demand for our well service pumps and flowline products in our fluid control business.

Gross profit (revenue less cost of sales) increased as a percentage of sales to 25.1% in the third quarter of 2014, from 21.5% in the prior-year quarter. The improvement in gross profit as a percentage of sales was primarily due to our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico, and operational improvements and execution in our Eastern Region subsea business. Additionally, Surface Technologies posted higher gross profit due to increased sales of conventional wellhead systems in our international surface wellhead business and increased demand for our well service pumps and flowline products in our fluid control business.

Selling, general and administrative expense increased \$4.9 million year-over-year, resulting from higher commission expenses, expenses related to organizational changes and bonus expenses.

Other income (expense), net during the third quarter of 2014 included an unrealized foreign currency loss of \$20.9 million related to a remeasurement of an intercompany transaction.

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Our income tax provisions for the third quarter of 2014 and 2013 reflected effective tax rates of 34.7% and 30.9%, respectively. The year-over-year increase was primarily due to changes in U.S. and foreign tax law effective from 2014 and an unfavorable change in the forecasted country mix of earnings, partially offset by lower charges related to the settlements of tax examinations outside the US and the tax impact of the remeasurement of the Multi Phase Meters earn-out consideration in 2013. Our effective tax rate can fluctuate depending on our country mix of earnings since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays. The cumulative balance of foreign earnings for which no provision for U.S. income taxes has been recorded was \$1,629 million at September 30, 2014. We would need to accrue and pay U.S. tax on such undistributed earnings if these funds were repatriated. We have no current intention to repatriate these earnings.

Table of ContentsOPERATING RESULTS OF BUSINESS SEGMENTS  
THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(In millions, except %)	Three Months Ended September 30,		Favorable/(Unfavorable)	
	2014	2013	\$	%
Revenue				
Subsea Technologies	\$1,300.4	\$1,119.9	180.5	16.1
Surface Technologies	556.0	455.9	100.1	22.0
Energy Infrastructure	124.9	152.4	(27.5)	(18.0)
Other revenue and intercompany eliminations	(4.6)	(3.7)	(0.9)	*
Total revenue	\$1,976.7	\$1,724.5	252.2	14.6
Net income				
Segment operating profit				
Subsea Technologies	\$204.4	\$121.1	83.3	68.8
Surface Technologies	109.5	74.5	35.0	47.0
Energy Infrastructure	5.1	17.9	(12.8)	(71.5)
Intercompany eliminations	0.1	—	0.1	*
Total segment operating profit	319.1	213.5	105.6	49.5
Corporate items				
Corporate expense	(16.1)	(10.4)	(5.7)	(54.8)
Other revenue and other expense, net	(35.1)	(27.1)	(8.0)	(29.5)
Net interest expense	(8.0)	(8.2)	0.2	2.4
Total corporate items	(59.2)	(45.7)	(13.5)	(29.5)
Income before income taxes	259.9	167.8	92.1	54.9
Provision for income taxes	90.1	51.8	(38.3)	(73.9)
Net income attributable to FMC Technologies, Inc.	\$169.8	\$116.0	53.8	46.4

\* Not meaningful

Segment operating profit is defined as total segment revenue less segment operating expenses. The following items have been excluded in computing segment operating profit: corporate staff expense, interest income and expense associated with corporate investments and debt, income taxes and other revenue and other expense, net.

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Subsea Technologies

Subsea Technologies revenue increased \$180.5 million year-over-year. Revenue for the third quarter of 2014 included a \$9.2 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by \$189.7 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period and the rates of backlog conversion. Our subsea revenue increase year-over-year was led by our Western Region business from project backlog conversion as well as increased volumes in subsea services, particularly in the Gulf of Mexico.

Subsea Technologies operating profit in the third quarter of 2014 totaled \$204.4 million, or 15.7% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 10.8%. The margin improvement was primarily driven by our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services particularly in the Gulf of Mexico and from operational improvements and execution in our Eastern Region subsea business. Operating profit for the third quarter of 2014 included a \$1.4 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased \$100.1 million year-over-year. The increase in revenue was primarily driven by our international surface wellhead business due to conventional wellhead system sales and our fluid control business from increased demand for our well service pumps and flowline products in the third quarter of 2014. Surface Technologies operating profit in the third quarter of 2014 totaled \$109.5 million, or 19.7% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 16.3%. The margin improvement was primarily driven by the following:

- Surface Wellhead - 1.6 percentage point increase due to strong sales growth in international markets;
- Fluid Control - 0.9 percentage point increase due to increased volumes in our well service pumps and flowline products resulting from improvements in the North American shale markets; and
- Completion Services - 0.8 percentage point increase due to increased wireline and flowback volumes from improvements in the North American shale markets.

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Energy Infrastructure

Energy Infrastructure revenue decreased \$27.5 million year-over-year. The decrease was driven by the sale of our Material Handling Products business early in the second quarter of 2014 and the correction of operating results from prior quarters in the year in our automation and control business.

Energy Infrastructure operating profit in the third quarter of 2014 totaled \$5.1 million, or 4.1% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 11.8%. The margin decline was primarily driven by the following:

Automation and Control - 6.9 percentage point decrease due to the correction of operating results from prior quarters in the year;

- Material Handling - 1.1 percentage point decrease as a result of the sale of our Material Handling Products business early in the second quarter of 2014; and

Measurement Solutions - 1.3 percentage point increase due to higher volumes related to increased activity in the U.S. shale markets.

Corporate Items

Our corporate items reduced earnings by \$59.2 million in the third quarter of 2014 and \$45.7 million in the third quarter of 2013. The year-over-year increase primarily reflected the following:

unfavorable variance in foreign currency gains and losses of \$23.4 million, primarily related to a remeasurement of an intercompany transaction;

unfavorable variance in corporate staff expenses of \$5.7 million, primarily related to higher bonus accruals;

favorable variance of \$6.9 million related to a larger remeasurement of the Multi Phase Meters earn-out consideration in the third quarter of 2013; and a

favorable variance of \$4.1 million related to higher third quarter 2013 stock-based compensation expense, primarily from the accelerated vesting of awards for retirement eligible grantees.

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CONSOLIDATED RESULTS OF OPERATIONS  
 NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(In millions, except %)	Nine Months Ended September 30,		Change	
	2014	2013	\$	%
Revenue	\$5,786.4	\$5,078.4	708.0	13.9
Costs and expenses:				
Cost of sales	4,390.9	4,011.1	379.8	9.5
Selling, general and administrative expense	542.0	508.8	33.2	6.5
Research and development expense	84.6	84.9	(0.3)	(0.4)
Total costs and expenses	5,017.5	4,604.8	412.7	9.0
Gain on sale of Material Handling Products	84.3	—	84.3	*
Other income (expense), net	(29.2)	) 1.0	(30.2)	) *
Net interest expense	(24.5)	) (25.1)	) 0.6	2.4
Income before income taxes	799.5	449.5	350.0	77.9
Provision for income taxes	264.8	122.0	142.8	117.0
Net income	534.7	327.5	207.2	63.3
Net income attributable to noncontrolling interests	(3.4)	) (3.9)	) 0.5	12.8
Net income attributable to FMC Technologies, Inc.	\$531.3	\$323.6	207.7	64.2

\* Not meaningful

Revenue increased by \$708.0 million in the first nine months of 2014 compared to the prior-year. Revenue in the first nine months of 2014 included a \$119.1 million unfavorable impact of foreign currency translation. The impact of the strong backlog entering 2014 and volume growth in our subsea services, particularly in the Gulf of Mexico, led to increased Subsea Technologies revenue year-over-year. Surface Technologies posted higher revenue during the first nine months of 2014 primarily due to increased sales of conventional wellhead systems in our international surface wellhead business and increased demand for our well service pumps and flowline products in our fluid control business.

Gross profit (revenue less cost of sales) increased as a percentage of sales to 24.1% in the first nine months of 2014, from 21.0% in the prior-year. The improvement in gross profit as a percentage of sales was primarily due to our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico. Additionally, Surface Technologies posted higher gross profit due to increased sales of conventional wellhead systems in our international surface wellhead business and increased demand for our well service pumps and flowline products in our fluid control business.

Selling, general and administrative expense increased \$33.2 million year-over-year, resulting from severance charges in our Eastern Region subsea business, reorganization expenses, higher project tendering costs, commissions, and bonus expenses.

During the first nine months of 2014, we recognized a net \$84.3 million gain on the sale of our Material Handling Products business. Further information of the sale is incorporated herein by reference from Note 4 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other income (expense), net during the first nine months of 2014 included an unrealized foreign currency loss of \$20.9 million related to a remeasurement of an intercompany transaction.



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Our income tax provisions for the first nine months of 2014 and 2013 reflected effective tax rates of 33.3% and 27.4%, respectively. Excluding a retroactive benefit related to the American Taxpayer Relief Act of 2012 recorded in the first quarter of 2013, our effective tax rate for the first nine months of 2013 was 28.9%. The year-over-year increase from this adjusted rate was primarily due to changes in U.S. and foreign tax law effective from 2014, an unfavorable change in the forecasted country mix of earnings, partially offset by lower charges related to settlements of tax examinations outside the US and the tax impact of the remeasurement of the Multi Phase Meters earn-out consideration in 2013. Our effective tax rate can fluctuate depending on our country mix of earnings since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays. The cumulative balance of foreign earnings for which no provision for U.S. income taxes has been recorded was \$1,629 million at September 30, 2014. We would need to accrue and pay U.S. tax on such undistributed earnings if these funds were repatriated. We have no current intention to repatriate these earnings.

Table of ContentsOPERATING RESULTS OF BUSINESS SEGMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(In millions, except %)	Nine Months Ended September 30,		Favorable/(Unfavorable)	
	2014	2013	\$	%
Revenue				
Subsea Technologies	\$3,831.0	\$3,336.9	494.1	14.8
Surface Technologies	1,546.4	1,317.8	228.6	17.3
Energy Infrastructure	419.6	444.6	(25.0)	(5.6)
Other revenue and intercompany eliminations	(10.6)	(20.9)	10.3	*
Total revenue	\$5,786.4	\$5,078.4	708.0	13.9
Net income				
Segment operating profit				
Subsea Technologies	\$539.8	\$338.7	201.1	59.4
Surface Technologies	276.6	189.1	87.5	46.3
Energy Infrastructure	38.8	51.7	(12.9)	(25.0)
Total segment operating profit	855.2	579.5	275.7	47.6
Corporate items				
Corporate expense	(47.8)	(33.2)	(14.6)	(44.0)
Other revenue and other expense, net	13.2	(75.6)	88.8	117.5
Net interest expense	(24.5)	(25.1)	0.6	2.4
Total corporate items	(59.1)	(133.9)	74.8	55.9
Income before income taxes	796.1	445.6	350.5	78.7
Provision for income taxes	264.8	122.0	(142.8)	(117.0)
Net income attributable to FMC Technologies, Inc.	\$531.3	\$323.6	207.7	64.2

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\* Not meaningful

Segment operating profit is defined as total segment revenue less segment operating expenses. The following items have been excluded in computing segment operating profit: corporate staff expense, interest income and expense associated with corporate investments and debt, income taxes and other revenue and other expense, net.

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Subsea Technologies

Subsea Technologies revenue increased \$494.1 million year-over-year. Revenue for the first nine months of 2014 included a \$103.1 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by \$597.2 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period and the rates of backlog conversion. Our subsea revenue increase year-over-year was led by our Western Region business from project backlog conversion as well as increased volumes in subsea services, particularly in the Gulf of Mexico. We entered 2014 with solid subsea backlog and continued to have strong subsea systems and service order activity during the first nine months of 2014, including a subsea systems order with a potential value of \$720 million for Eni's Jangkrik project and a subsea systems order with an estimated value of \$322 million for BP's Shah Deniz Stage 2 project.

Subsea Technologies operating profit in the first nine months of 2014 totaled \$539.8 million, or 14.1% of revenue, compared to the prior-year's operating profit as a percentage of revenue of 10.2%. The margin improvement was primarily driven by our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico. Operating profit for the first nine months of 2014 included a \$14.5 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased \$228.6 million year-over-year. The increase in revenue was primarily driven by our international surface wellhead business due to conventional wellhead system sales and our fluid control business from increased demand for our well service pumps and flowline products in the first nine months of 2014. Surface Technologies operating profit in the first nine months of 2014 totaled \$276.6 million, or 17.9% of revenue, compared to the prior-year's operating profit as a percentage of revenue of 14.4%. The margin improvement was primarily driven by the following:

- Surface Wellhead - 1.8 percentage point increase due to strong sales growth in the Asia Pacific region from higher margin projects; and
- Fluid Control - 1.5 percentage point increase due to increased volumes in our well service pumps and flowline products resulting from improvements in the North American shale markets.

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Energy Infrastructure

Energy Infrastructure revenue decreased \$25.0 million year-over-year. The decrease was driven by the sale of our Material Handling Products business early in the second quarter of 2014 and lower activity in our automation and control business.

Energy Infrastructure operating profit in the first nine months of 2014 totaled \$38.8 million, or 9.2% of revenue, compared to the prior-year's operating profit as a percentage of revenue of 11.6%. The margin decline was primarily driven by the following:

- Automation and Control - 1.9 percentage point decrease due to lower margin project conversion; and
- Material Handling - 1.1 percentage point decrease as a result of the sale of our Material Handling Products business early in the second quarter of 2014.

Corporate Items

Our corporate items reduced earnings by \$59.1 million in the first nine months of 2014 and \$133.9 million in the first nine months of 2013. The year-over-year decrease in corporate items primarily reflected the following:

- favorable variance related to the gain on sale of our Material Handling Products business of \$84.3 million;
- favorable variance of \$14.9 million related to lower amortization of pension actuarial losses resulting from a lower discount rate;
- favorable variance of \$14.0 million related to a larger remeasurement of the Multi Phase Meters earn-out consideration in the first nine months of 2013;
- unfavorable variance in foreign currency gains and losses of \$27.7 million, primarily related to a remeasurement of an intercompany transaction; and an
- unfavorable variance in corporate staffing expenses, primarily related to higher bonus accruals, of \$14.6 million.

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## Inbound Orders and Order Backlog

Inbound orders represent the estimated sales value of confirmed customer orders received during the reporting period.

(In millions)	Inbound Orders			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Subsea Technologies	\$1,072.4	\$1,728.7	\$3,841.3	\$5,485.1
Surface Technologies	543.5	477.0	1,572.4	1,426.9
Energy Infrastructure	134.2	166.2	383.5	444.9
Intercompany eliminations and other	(2.7	) (3.9	) (9.7	) (29.6
Total inbound orders	\$1,747.4	\$2,368.0	\$5,787.5	\$7,327.3

Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Translation negatively affected backlog by \$278.8 million and \$172.0 million for the three and nine months ended September 30, 2014, respectively, and positively affected backlog by \$1.9 million and negatively affected backlog by \$261.0 million for the three and nine months ended September 30, 2013, respectively.

(In millions)	Order Backlog		
	September 30,	December 31,	September 30,
	2014	2013	2013
Subsea Technologies	\$5,855.2	\$5,988.8	\$6,467.5
Surface Technologies	750.6	742.4	608.1
Energy Infrastructure	241.5	288.4	299.0
Intercompany eliminations	(20.0	) (21.4	) (8.9
Total order backlog	\$6,827.3	\$6,998.2	\$7,365.7

Order backlog for Subsea Technologies at September 30, 2014, decreased by \$133.6 million compared to December 31, 2013. Subsea Technologies backlog of \$5.9 billion at September 30, 2014, was composed of various subsea projects, including BP's Shah Deniz Stage 2; Chevron's Wheatstone and Agbami; CNR International's Baobab Field Phase 3; Eni's Jangkrik; ExxonMobil's Julia; Petrobras' tree frame agreement and pre-salt tree and manifold award; Shell's BC-10 Phase 3; Statoil's Snorre B Platform Workover System; Total's Egina; and Tullow Ghana's TEN. Surface Technologies order backlog at September 30, 2014, increased by \$8.2 million compared to December 31, 2013. The increase was due to strong inbound orders in our fluid control business.

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## LIQUIDITY AND CAPITAL RESOURCES

Substantially all of our cash balances are held outside the United States and are generally used to meet the liquidity needs of our non-U.S. operations. Most of our cash held outside the United States could be repatriated to the United States, but under current law, any such repatriation would be subject to U.S. federal income tax, as adjusted for applicable foreign tax credits. We have provided for U.S. federal income taxes on undistributed foreign earnings where we have determined that such earnings are not indefinitely reinvested.

We expect to meet the continuing funding requirements of our U.S. operations with cash generated by such U.S. operations, cash from earnings generated by non-U.S. operations that are not indefinitely reinvested and our existing credit facility. If cash held by non-U.S. operations is required for funding operations in the United States, and if U.S. tax has not previously been provided on the earnings of such operations, we would make a provision for additional U.S. tax in connection with repatriating this cash, which may be material to our cash flows and results of operations. Net debt, or net cash, is a non-GAAP measure reflecting debt, net of cash and cash equivalents. Management uses this non-GAAP measure to evaluate our capital structure and financial leverage. We believe net debt, or net cash, is a meaningful measure that may assist investors in understanding our results and recognizing underlying trends. Net debt, or net cash, should not be considered an alternative to, or more meaningful than, cash and cash equivalents as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. The following table provides a reconciliation of our cash and cash equivalents to net debt, utilizing details of classifications from our condensed consolidated balance sheets.

(In millions)	September 30, 2014	December 31, 2013
Cash and cash equivalents	\$511.5	\$399.1
Short-term debt and current portion of long-term debt	(10.0	) (42.5
Long-term debt, less current portion	(1,337.0	) (1,329.8
Net debt	\$(835.5	) \$(973.2

The change in our net debt position was primarily due to cash generated from operations and proceeds received from the sale of our Material Handling Products business, partially offset by capital expenditures, repurchases of common stock, and a payment related to the Multi Phase Meters earn-out obligation.

## Cash Flows

We generated \$483.3 million and \$425.2 million in cash flows from operating activities during the nine months ended September 30, 2014 and 2013, respectively. The increase in cash flows from operating activities year-over-year was primarily due to higher income from operations, partially offset by changes in our working capital driven by our portfolio of projects and a larger payment related to the Multi Phase Meters earn-out obligation. Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts. During the first nine months of 2013, we received a higher amount of advance payments related to projects as compared to first nine months of 2014.

Investing activities used \$169.2 million and \$235.2 million in cash flows during the nine months ended September 30, 2014 and 2013, respectively. The decrease in cash flows used by investing activities was due to proceeds from the sale of the Material Handling Products business, partially offset by increased capital expenditures to fund our investment in subsea capacity expansion in the first nine months of 2014.

Financing activities used \$195.9 million and \$170.3 million in cash flows during the nine months ended September 30, 2014 and 2013, respectively. The change in cash flows from financing activities was due to increased treasury stock repurchases during the first nine months of 2014, partially offset by a larger reduction in our short- and long-term debt position in the first nine months of 2013.

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## Debt and Liquidity

Senior Notes—Refer to Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2013 for information related to our Senior Notes.

Credit Facility—The following is a summary of our revolving credit facility at September 30, 2014:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding <sup>(a)</sup>	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	\$ 1,500.0	\$—	\$ 508.0	\$6.0	\$986.0	March 2017

Under our commercial paper program, we have the ability to access up to \$1.0 billion of financing through our <sup>(a)</sup> commercial paper dealers. Our available capacity under our revolving credit facility is reduced by any outstanding commercial paper.

Committed credit available under our revolving credit facility provides the ability to issue our commercial paper obligations on a long-term basis. We had \$508.0 million of commercial paper issued under our facility at September 30, 2014. As we had both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term in the accompanying condensed consolidated balance sheets at September 30, 2014.

As of September 30, 2014, we were in compliance with all restrictive covenants under our revolving credit facility.

## Credit Risk Analysis

Valuations of derivative assets and liabilities reflect the value of the instruments, including the values associated with counterparty risk. These values must also take into account our credit standing, thus including in the valuation of the derivative instrument the value of the net credit differential between the counterparties to the derivative contract. Our methodology includes the impact of both counterparty and our own credit standing. Adjustments to our derivative assets and liabilities related to credit risk were not material for any period presented. Additional information about credit risk is incorporated herein by reference from Note 13 to our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q.

## Outlook

Historically, we have generated our capital resources primarily through operations and, when needed, through our credit facility. The volatility in credit, equity and commodity markets creates some uncertainty for our businesses. However, management believes, based on our current financial condition, existing backlog levels and current expectations for future market conditions, that we will continue to meet our short- and long-term liquidity needs with a combination of cash on hand, cash generated from operations and access to capital markets.

We project spending approximately \$400 million in 2014 for capital expenditures, largely towards our subsea expansion and related growth of our subsea service offerings. During the remainder of 2014, we expect to make contributions of approximately \$1.7 million and \$4.1 million to our domestic and international pension plans, respectively. Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory environments and other economic factors. We update our pension estimates annually during the fourth quarter or more frequently upon the occurrence of significant events. Further, we expect to continue our stock repurchases authorized by our Board of Directors, with the timing and amounts of these repurchases dependent upon market conditions and liquidity.

We have \$986.0 million of capacity available under our revolving credit facility that we expect to utilize if working capital needs temporarily increase in response to market demand. We continue to evaluate acquisitions, divestitures and joint ventures that meet our strategic priorities. Our intent is to maintain a level of financing sufficient to meet these objectives.

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**OFF-BALANCE SHEET ARRANGMENTS**

Information related to guarantees is incorporated herein by reference from Note 14 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**CRITICAL ACCOUNTING ESTIMATES**

Refer to our Annual Report on Form 10-K for the year ended December 31, 2013, for a discussion of our critical accounting estimates. During the nine months ended September 30, 2014, there were no material changes in our judgments and assumptions associated with the development of our critical accounting estimates.

**OTHER MATTERS**

During the second quarter of 2014, the Company received an inquiry and a subpoena from the SEC seeking information about certain accruals for paid time off (“PTO”) during the first quarter of 2013. The inquiry is with regard to the reversal of an accrual for PTO that caused the liability for PTO to be understated for the quarter ended March 31, 2013. During the quarter ended September 30, 2014, the Company received additional requests for information. The Company has cooperated and fully responded to the requests for information. The Company discussed the matter with its independent registered public accounting firm and the Company’s Audit Committee.

**RECENTLY ISSUED ACCOUNTING STANDARDS**

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” This update requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU will supersede most existing GAAP related to revenue recognition and will supersede some cost guidance in existing GAAP related to construction-type and production-type contract accounting. Additionally, the ASU will significantly increase disclosures related to revenue recognition. The amendments in the ASU are effective for the Company on January 1, 2017. Early application is not permitted. Entities are permitted to apply the amendments either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Company has not determined the method to be utilized upon adoption. The impacts that adoption of the ASU is expected to have on the Company’s consolidated financial statements and related disclosures are being evaluated. Additionally, the Company has not determined the effect of the ASU on its internal control over financial reporting or other changes in business practices and processes. In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements - Going Concern.” This update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and on determining when and how entities must disclose going concern uncertainties in the financial statements. The update requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date of issuance of the entity’s financial statements. The amendments in this ASU are effective for the Company for annual periods ending after December 15, 2016, and interim periods thereafter. Early application is permitted. We expect to early adopt this update on December 31, 2014. We believe the adoption of this guidance concerns disclosure only and will not have an impact on our consolidated financial position or results of operations.

Management believes that other recently issued accounting standards, which are not yet effective, will not have a material impact on our condensed consolidated financial statements upon adoption.



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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Refer to Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2013, for quantitative and qualitative disclosures about market risk. There have been no material changes in our exposures to market risk since December 31, 2013.

**ITEM 4. CONTROLS AND PROCEDURES**

As of September 30, 2014, and under the direction of our principal executive officer and principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, we have concluded as of September 30, 2014, that our disclosure controls and procedures were:

effective in ensuring that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

effective in ensuring that information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in internal controls over financial reporting identified in the evaluation for the quarter ended September 30, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

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PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various pending or potential legal actions in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of the inherent uncertainty of litigation. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

In addition to our risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2013, the following risk factor was identified:

A deterioration in future expected profitability or cash flows could result in an impairment of our recorded goodwill. Goodwill is tested for impairment on an annual basis, or more frequently when impairment indicators arise. Reporting units with goodwill are tested for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, or based on management's judgment, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative impairment test is performed. When using the quantitative test, the estimated fair value of each reporting unit is determined using discounted future expected cash flow models which require the use and application of certain estimates, including but not limited to, estimates of future cash flows and the selection of a discount rate. A lower fair value estimate in the future for any of our reporting units could result in goodwill impairments. Factors that could trigger a lower fair value estimate include changes in customer demand, cost increases, regulatory or political environment changes, and other changes in market conditions, such as decreased prices in market-based transactions for similar assets, which could impact future earnings of the reporting unit. At September 30, 2014, recorded goodwill of \$77.7 million was associated with our completion services reporting unit. Despite the reporting unit's increased year-over-year quarterly earnings, the recent decline in crude oil prices has introduced some uncertainty associated with certain key assumptions used in estimating the fair value of the reporting unit. Depressed crude oil prices for a prolonged period of time may adversely affect the economics of certain of our customers' projects, particularly for shale-related projects in North America, and may reduce the demand for completion services, negatively impacting the financial results of the reporting unit. Management is monitoring the overall market, specifically crude oil prices, and its effect on the estimates and assumptions used in our goodwill impairment test for completion services, which may require re-evaluation and could result in an impairment of goodwill for this reporting unit.

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## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We had no unregistered sales of equity securities during the three months ended September 30, 2014.

The following table summarizes repurchases of our common stock during the three months ended September 30, 2014.

## ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs <sup>(b)</sup>
July 1, 2014—July 31, 2014	131,138	\$ 60.80	111,238	11,407,037
August 1, 2014—August 31, 2014	118,769	\$ 60.79	107,639	11,299,398
September 1, 2014—September 30, 2014	806,141	\$ 55.57	800,111	10,499,287
Total	1,056,048	\$ 56.81	1,018,988	10,499,287

Represents 1,018,988 shares of common stock repurchased and held in treasury and 37,060 shares of common stock purchased and held in an employee benefit trust established for the FMC Technologies, Inc. Non-Qualified (a) Savings and Investment Plan. In addition to these shares purchased on the open market, we sold 11,690 shares of registered common stock held in this trust, as directed by the beneficiaries during the three months ended September 30, 2014.

(b) In 2005, we announced a repurchase plan approved by our Board of Directors authorizing the repurchase of up to two million shares of our issued and outstanding common stock through open market purchases. The Board of Directors authorized extensions of this program, adding five million shares in February 2006 and eight million shares in February 2007 for a total of 15 million shares of common stock authorized for repurchase. As a result of the two-for-one stock splits (i) on August 31, 2007, the authorization was increased to 30 million shares; and (ii) on March 31, 2011, the authorization was increased to 60 million shares. In December 2011, the Board of Directors authorized an extension of our repurchase program, adding 15 million shares, for a total of 75 million shares.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

Information required by this item is incorporated herein by reference from the section entitled "Index of Exhibits" of this Quarterly Report on Form 10-Q for the period ended September 30, 2014.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FMC Technologies, Inc.  
(Registrant)

/s/ Jay A. Nutt

Jay A. Nutt

Vice President and Controller

(Chief Accounting Officer and a Duly Authorized Officer)

Date: October 24, 2014

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INDEX OF EXHIBITS

Exhibit No.	Exhibit Description
2.1	Separation and Distribution Agreement by and between FMC Corporation and FMC Technologies, Inc., dated as of May 31, 2001 (incorporated by reference from Exhibit 2.1 to the Form S-1/A filed on June 6, 2001) (File No. 333-55920).
2.2	Separation and Distribution Agreement by and between FMC Technologies, Inc. and John Bean Technologies Corporation, dated July 31, 2008 (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K filed on August 6, 2008) (File No. 001-16489).
2.2.a	Amendment, dated October 25, 2010, by and between FMC Technologies, Inc. and John Bean Technologies Corporation that amends the Separation and Distribution Agreement by and between FMC Technologies, Inc. and John Bean Technologies Corporation, dated July 31, 2008 (incorporated by reference from Exhibit 2.2.a to the Quarterly Report on Form 10-Q filed on November 3, 2010) (File No. 001-16489).
2.3	Arrangement Agreement dated August 17, 2012 between FMC Technologies, Inc. and Pure Energy Services Ltd. (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K filed on August 20, 2012) (File No. 001-16489).
3.1	Restated Certificate of Incorporation of FMC Technologies, Inc. (incorporated by reference from Exhibit 3.1 to the Annual Report on Form 10-K filed on February 22, 2013) (File No. 001-16489).
3.2	Amended and Restated Bylaws of FMC Technologies, Inc. (incorporated by reference from Exhibit 3.1 to the Current Report on Form 8-K filed on December 11, 2013) (File No. 001-16489).
4.1	Form of Specimen Certificate for the Company's Common Stock (incorporated by reference from Exhibit 4.1 to the Form S-1/A filed on May 4, 2001) (File No. 333-55920).
4.2	Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.a	First Supplemental Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.2 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.b	Form of 2.00% Senior Notes due 2017 (incorporated by reference from Exhibit 4.3 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.c	Second Supplemental Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.4 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.d	Form of 3.45% Senior Notes due 2022 (incorporated by reference from Exhibit 4.5 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
10.1	First Amendment of FMC Technologies, Inc. Frozen Retirement Plan, effective September 1, 2014.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1 *	Certification of Chief Executive Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
32.2 *	Certification of Chief Financial Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.
101.LAB	XBRL Label Linkbase Document.

101.PRE XBRL Presentation Linkbase Document.

\* Furnished with this Quarterly Report on Form 10-Q

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