FMC TECHNOLOGIES INC
Form 10-Q
October 25, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2013
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

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

Delaware (State or other jurisdiction of incorporation or organization)	36-4412642 (I.R.S. Employer Identification No.)
5875 N. Sam Houston Parkway W., Houston, Texas (Address of principal executive offices)	77086 (Zip Code)
(281) 591-4000 (Registrant's telephone number, including area code)	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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	x	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o

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

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 22, 2013

Common Stock, par value $0.01 per share	236,588,533

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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," "fores "should," "would," "could," "may," "estimate," "outlook" and similar expressions, including the negative thereof. The absence 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 significant risks and uncertainties (some of which are 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, 2012, 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;
- Deterioration in future expected profitability or cash flows and its effect on our goodwill;
- 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;
- 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	2013	2012	2013	2012
Revenue:				
Product revenue	$1,370.5	$1,190.3	$4,070.0	$3,656.0
Service and other revenue	354.0	228.7	1,008.4	654.5
Total revenue	1,724.5	1,419.0	5,078.4	4,310.5
Costs and expenses:				
Cost of product revenue	1,106.6	947.3	3,280.8	2,935.0
Cost of service and other revenue	247.2	151.8	730.3	448.1
Selling, general and administrative expense	165.9	152.9	508.8	429.3
Research and development expense	27.2	29.8	84.9	82.9
Total costs and expenses	1,546.9	1,281.8	4,604.8	3,895.3
Other income (expense), net	(0.2)	4.3	1.0	24.4
Income before net interest expense and income taxes	177.4	141.5	474.6	439.6
Net interest expense	(8.2)	(6.0)	(25.1)	(15.9)
Income before income taxes	169.2	135.5	449.5	423.7
Provision for income taxes	51.8	35.0	122.0	110.3
Net income	117.4	100.5	327.5	313.4
Net income attributable to noncontrolling interests	(1.4)	(1.6)	(3.9)	(3.8)
Net income attributable to FMC Technologies, Inc.	$116.0	$98.9	$323.6	$309.6
Earnings per share attributable to FMC Technologies, Inc. (Note 3):				
Basic	$0.49	$0.41	$1.36	$1.29
Diluted	$0.49	$0.41	$1.35	$1.28
Weighted average shares outstanding (Note 3):				
Basic	238.2	239.5	238.4	239.9
Diluted	238.9	240.7	239.2	241.2

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Net income	$117.4	$100.5	$327.5	$313.4
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments [1]	8.9	26.8	(70.1)	(6.9)
Net gains (losses) on hedging instruments:				
Net gains arising during the period	23.3	17.8	17.1	22.4
Reclassification adjustment for net losses (gains) included in net income	(0.6)	0.9	(1.7)	1.9
Net gains on hedging instruments [2]	22.7	18.7	15.4	24.3
Pension and other post-retirement benefits:				
Reclassification adjustment for settlement losses included in net income	—	3.4	—	3.4
Reclassification adjustment for amortization of prior service credit included in net income	(0.1)	(0.1)	(0.3)	(0.5)
Reclassification adjustment for amortization of net actuarial loss included in net income	5.1	3.6	15.3	13.8
Reclassification adjustment for amortization of transition asset included in net income	—	(0.1)	—	(0.1)
Net pension and other post-retirement benefits [3]	5.0	6.8	15.0	16.6
Other comprehensive income (loss), net of tax	36.6	52.3	(39.7)	34.0
Comprehensive income	154.0	152.8	287.8	347.4
Comprehensive income attributable to noncontrolling interest	(1.4)	(1.6)	(3.9)	(3.8)
Comprehensive income attributable to FMC Technologies, Inc.	$152.6	$151.2	$283.9	$343.6

(1) Net of income tax (expense) benefit of $(0.8) and $(1.0) for the three months ended September 30, 2013 and 2012, respectively, and $1.2 and $(0.1) for the nine months ended September 30, 2013 and 2012, respectively.

(2) Net of income tax (expense) benefit of $(11.2) and $(8.0) for the three months ended September 30, 2013 and 2012, respectively, and $2.8 and $(12.2) for the nine months ended September 30, 2013 and 2012, respectively.

(3) Net of income tax (expense) benefit of $(2.7) and $(6.1) for the three months ended September 30, 2013 and 2012, respectively, and $(8.1) and $(11.3) for the nine months ended September 30, 2013 and 2012, respectively.

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 BALANCE SHEETS

(In millions, except par value data)	September 30, 2013 (Unaudited)	December 31, 2012
Assets		
Cash and cash equivalents	$360.2	$342.1
Trade receivables, net of allowances of $4.9 in 2013 and $6.1 in 2012	1,918.5	1,765.5
Inventories, net (Note 4)	1,051.4	965.1
Derivative financial instruments (Note 12)	136.3	73.4
Prepaid expenses	46.8	31.7
Deferred income taxes	50.6	55.9
Income taxes receivable	55.6	17.6
Other current assets	295.9	237.0
Total current assets	3,915.3	3,488.3
Investments	42.1	37.4
Property, plant and equipment, net of accumulated depreciation of $738.0 in 2013 and $643.7 in 2012	1,324.9	1,243.5
Goodwill	585.1	597.7
Intangible assets, net of accumulated amortization of $90.8 in 2013 and $71.1 in 2012	323.6	347.4
Deferred income taxes	51.3	60.0
Derivative financial instruments (Note 12)	55.1	9.2
Other assets	127.5	119.4
Total assets	$6,424.9	$5,902.9
Liabilities and equity		
Short-term debt and current portion of long-term debt	$35.0	$60.4
Accounts payable, trade	653.8	664.2
Advance payments and progress billings	793.0	501.6
Accrued payroll	199.3	202.0
Derivative financial instruments (Note 12)	134.6	50.4
Income taxes payable	34.0	40.2
Current portion of accrued pension and other post-retirement benefits	11.9	20.9
Deferred income taxes	92.4	67.5
Other current liabilities	356.8	363.2
Total current liabilities	2,310.8	1,970.4
Long-term debt, less current portion (Note 6)	1,540.9	1,580.4
Accrued pension and other post-retirement benefits, less current portion	235.0	266.5
Derivative financial instruments (Note 12)	46.8	11.1
Deferred income taxes	71.2	57.9
Other liabilities	119.5	163.4
Commitments and contingent liabilities (Note 14)		
Stockholders' equity (Note 11):		
Preferred stock, $0.01 par value, 12.0 shares authorized in 2013 and 2012; no shares issued in 2013 or 2012	—	—
Common stock, $0.01 par value, 600.0 shares authorized in 2013 and 2012; 286.3 shares issued in 2013 and 2012; 236.7 and 237.1 shares outstanding in 2013 and 2012, respectively	1.4	1.4

Common stock held in employee benefit trust, at cost; 0.1 and 0.2 shares in 2013 and 2012, respectively	(6.8)	(7.8)
Common stock held in treasury, at cost; 49.5 and 49.0 shares in 2013 and 2012, respectively	(1,152.5)	(1,102.6)
Capital in excess of par value of common stock	708.2	697.2
Retained earnings	2,968.3	2,644.7
Accumulated other comprehensive loss	(435.7)	(396.0)
Total FMC Technologies, Inc. stockholders' equity	2,082.9	1,836.9
Noncontrolling interests	17.8	16.3
Total equity	2,100.7	1,853.2
Total liabilities and equity	$6,424.9	$5,902.9

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 CASH FLOWS (UNAUDITED)

(In millions)	Nine Months Ended September 30,	
	2013	2012
Cash provided (required) by operating activities:		
Net income	$327.5	$313.4
Adjustments to reconcile net income to cash provided (required) by operating activities:		
Depreciation	117.4	76.6
Amortization	35.6	22.7
Employee benefit plan and stock-based compensation costs	71.9	76.6
Deferred income tax provision	69.2	30.4
Unrealized loss on derivative instruments	3.7	13.3
Other	24.3	16.6
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	(218.3)	(191.6)
Inventories, net	(104.1)	(210.7)
Accounts payable, trade	4.0	(35.5)
Advance payments and progress billings	311.0	40.7
Income taxes	(58.0)	(36.6)
Payment of Multi Phase Meters earn-out consideration	(32.2)	—
Accrued pension and other post-retirement benefits, net	(53.2)	(47.9)
Other assets and liabilities, net	(73.6)	(73.2)
Cash provided (required) by operating activities	425.2	(5.2)
Cash provided (required) by investing activities:		
Capital expenditures	(237.5)	(282.7)
Acquisitions, net of cash and cash equivalents acquired	—	(328.6)
Other	2.3	(0.1)
Cash required by investing activities	(235.2)	(611.4)
Cash provided (required) by financing activities:		
Net increase in short-term debt	2.2	1.6
Net increase in commercial paper	41.0	105.7
Proceeds from issuance of long-term debt	28.8	1,068.8
Repayments of long-term debt	(136.0)	(275.0)
Purchase of treasury stock	(70.8)	(52.4)
Payment of Multi Phase Meters earn-out consideration	(25.1)	—
Payments related to taxes withheld on stock-based compensation	(17.2)	(34.9)
Excess tax benefits	7.7	26.1
Other	(0.9)	(2.7)
Cash provided (required) by financing activities	(170.3)	837.2
Effect of exchange rate changes on cash and cash equivalents	(1.6)	1.6
Increase in cash and cash equivalents	18.1	222.2
Cash and cash equivalents, beginning of period	342.1	344.0
Cash and cash equivalents, end of period	$360.2	$566.2

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, 2012.

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, 2013.

NOTE 2. RECENTLY ADOPTED ACCOUNTING STANDARDS

Effective January 1, 2013, we adopted Accounting Standards Update ("ASU") No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" and ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" issued by the Financial Accounting Standards Board ("FASB"). These updates require management to disclose both gross information and net information of recognized derivative instruments, repurchase agreements and securities borrowing and lending transactions offset in the consolidated balance sheet or subject to an agreement similar to an enforceable master netting arrangement. The updated guidance is to be applied retrospectively, effective January 1, 2013. The adoption of these updates concern disclosure only and did not have any financial impact on our condensed consolidated financial statements.

Effective January 1, 2013, we adopted ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" issued by the FASB. This update requires management to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, we are required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. The updated guidance is to be applied prospectively, effective January 1, 2013. The adoption of this update concerns disclosure only and did not have any financial impact on our condensed consolidated financial statements.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	2013	2012	2013	2012
Net income attributable to FMC Technologies, Inc.	$116.0	$98.9	$323.6	$309.6
Weighted average number of shares outstanding	238.2	239.5	238.4	239.9
Dilutive effect of restricted stock units and stock options	0.7	1.2	0.8	1.3
Total shares and dilutive securities	238.9	240.7	239.2	241.2
Basic earnings per share attributable to FMC Technologies, Inc.	$0.49	$0.41	$1.36	$1.29
Diluted earnings per share attributable to FMC Technologies, Inc.	$0.49	$0.41	$1.35	$1.28

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NOTE 4. INVENTORIES

Inventories consisted of the following:

(In millions)	September 30, 2013	December 31, 2012
Raw materials	$192.2	$188.4
Work in process	175.3	146.4
Finished goods	867.4	788.8
	1,234.9	1,123.6
LIFO and valuation adjustments	(183.5)	(158.5)
Inventories, net	$1,051.4	$965.1

NOTE 5. GOODWILL

The carrying amount of goodwill by business segment was as follows:

(In millions)	Subsea Technologies	Surface Technologies	Energy Infrastructure	Total
December 31, 2012	$342.3	$97.1	$158.3	$597.7
Direct drive systems transfer [1]	66.9	—	(66.9)	—
Purchase accounting adjustments	0.3	(0.9)	—	(0.6)
Translation	(9.9)	(2.1)	—	(12.0)
September 30, 2013	$399.6	$94.1	$91.4	$585.1

[1] Beginning in the third quarter of 2013, direct drive systems is reported as a product line in Subsea Technologies. See additional disclosure in Note 15.

NOTE 6. DEBT

Long-term debt consisted of the following:

(In millions)	September 30, 2013	December 31, 2012
Revolving credit facility	$—	$100.0
Commercial paper [1]	710.8	669.8
2.00% Notes due 2017	299.4	299.3
3.45% Notes due 2022	499.6	499.6
Term loan	27.2	26.8
Property financing	14.6	16.7
Total long-term debt	1,551.6	1,612.2
Less: current portion	(10.7)	(31.8)
Long-term debt, less current portion	$1,540.9	$1,580.4

[1] At September 30, 2013, 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 long-term basis, our commercial paper borrowings were classified as long-term in the condensed consolidated balance sheet at September 30, 2013. As of September 30, 2013, our commercial paper borrowings had a weighted average interest rate of 0.33%.

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NOTE 7. INCOME TAXES

Our income tax provisions for the three months ended September 30, 2013 and 2012, reflected effective tax rates of 30.9% and 26.1%, respectively. The increase in the effective tax rate year-over-year was primarily due to an unfavorable change in the forecasted country mix of earnings and the settlement of tax examinations outside the United States.

Our income tax provisions for the nine months ended September 30, 2013 and 2012, reflected effective tax rates of 27.4% and 26.3%, respectively. The increase in the effective tax rate year-over-year was primarily due to an unfavorable change in the forecasted country mix of earnings and the settlement of tax examinations outside the United States. This increase in the effective tax rate was partially offset by the favorable impact of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, and which retroactively reinstated certain provisions of U.S. tax law.

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.

NOTE 8. WARRANTY OBLIGATIONS

Warranty cost and accrual information was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Balance at beginning of period	$15.9	$23.8	$15.4	$25.7
Expense for new warranties	4.8	4.2	18.7	19.8
Adjustments to existing accruals	—	0.8	0.6	6.7
Claims paid	(4.6)	(9.3)	(18.6)	(32.7)
Balance at end of period	$16.1	$19.5	$16.1	$19.5

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NOTE 9. PENSION AND OTHER POST-RETIREMENT BENEFITS

The components of net periodic benefit cost were as follows:

	Pension Benefits							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
(In millions)	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Service cost	$4.1	$3.6	$3.7	$9.2	$12.4	$11.0	$11.0	$27.8
Interest cost	6.4	3.9	6.8	5.3	19.3	12.0	20.2	16.0
Expected return on plan assets	(10.4)	(5.8)	(10.0)	(6.5)	(31.2)	(17.6)	(29.9)	(19.6)
Amortization of transition asset	—	(0.1)	—	(0.1)	—	(0.1)	—	(0.2)
Amortization of actuarial loss (gain), net	6.7	1.4	6.0	2.0	20.1	4.0	17.8	6.0
Settlement cost	—	—	5.4	—	—	—	5.4	—
Net periodic benefit cost	$6.8	$3.0	$11.9	$9.9	$20.6	$9.3	$24.5	$30.0

	Other Post-retirement Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Service cost	$0.1	$—	$0.1	$0.1
Interest cost	0.1	0.1	0.2	0.3
Amortization of prior service cost (credit)	(0.2)	(0.3)	(0.4)	(0.9)
Amortization of actuarial loss (gain), net	(0.1)	—	(0.2)	(0.1)
Net periodic benefit cost	$(0.1)	$(0.2)	$(0.3)	$(0.6)

During the nine months ended September 30, 2013, we contributed $18.0 million to our domestic benefit plans and $24.6 million to our international 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 granted awards primarily in the form of nonvested stock units (also known as restricted stock in the plan document). We recognize compensation expense for awards under the Plan and the corresponding income tax benefits related to the expense. Stock-based compensation expense for nonvested stock units was $13.5 million and $7.5 million for the three months ended September 30, 2013 and 2012, respectively, and $40.0 million and $24.3 million for the nine months ended September 30, 2013 and 2012, respectively.

During the nine months ended September 30, 2013, 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	504	
Performance-based	172	*
Market-based	86	*
Total granted	762	$53.47

* Assumes grant date expected payout

For current-year performance-based awards, actual payouts may vary from zero to 344 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, 2013. 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 the year ending December 31, 2013. 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 year is positive or negative. If our TSR for the year 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, 2013 and 2012.

Repurchases of shares of common stock under our share repurchase program were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except share data)	2013	2012	2013	2012
Shares of common stock repurchased	396,523	690,052	1,370,619	1,211,052
Value of common stock repurchased	$21.9	$31.0	$70.8	$52.0

As of September 30, 2013, our Board of Directors had authorized 75.0 million shares of common stock under our share repurchase program, and approximately 13.8 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.

During the nine months ended September 30, 2013, 0.9 million shares of common stock were issued from treasury stock in connection with our stock-based compensation plan. During the year ended December 31, 2012, 1.4 million shares of common stock were issued from treasury stock.

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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, 2012	$(104.6)	$10.0	$ (301.4)	$ (396.0)
Other comprehensive income (loss) before reclassifications, net of tax	(70.1)	17.1	—	(53.0)
Reclassification adjustment for net (gains) losses included in net income, net of tax	—	(1.7)	15.0	13.3
Other comprehensive income (loss), net of tax	(70.1)	15.4	15.0	(39.7)
September 30, 2013	$(174.7)	$25.4	$ (286.4)	$ (435.7)

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

(In millions)	Three Months Ended September 30, 2013	Nine Months Ended	
Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified out of Accumulated Other Comprehensive Loss		Affected Line Item in the Condensed Consolidated Statement of Income
Gains (losses) on hedging instruments			
Foreign exchange contracts:	$(3.6)	$(5.1)	Revenue
	3.4	6.4	Costs of sales
	—	0.1	Selling, general and administrative expense
	(0.2)	1.4	Income before income taxes
	0.8	0.3	Income tax (expense) benefit
	$0.6	$1.7	Net income
Defined pension and other post-retirement benefits			
Amortization of actuarial loss	$(7.8)	$(23.5)	(a)
Amortization of prior service credit	0.1	0.4	(a)
	(7.7)	(23.1)	Income before income taxes
	2.7	8.1	Income tax (expense) benefit
	$(5.0)	$(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, 2013, we held the following material positions:

	Notional Amount Bought (Sold)	
(In millions)		USD Equivalent
Brazilian real	(71.3)	(32.0)
British pound	115.1	186.4
Canadian dollar	58.9	57.3
Chinese renminbi	112.5	18.4
Euro	78.6	106.4
Kuwaiti dinar	(8.6)	(30.5)
Malaysian ringgit	159.6	49.0
Norwegian krone	3,701.7	615.1
Polish zloty	32.3	10.4
Russian ruble	(1,847.8)	(57.0)
Singapore dollar	227.5	181.4
Swedish krona	118.9	18.5
Swiss franc	17.8	19.7
U.S. dollar	(1,126.2)	(1,126.2)

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, 2013, our portfolio of these instruments included the following material positions:

	Notional Amount Bought (Sold)	
(In millions)		USD Equivalent
Australian dollar	(12.5)	(11.7)
British pound	9.6	15.5
Euro	8.3	11.2
Norwegian krone	(141.9)	(23.6)

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.

	September 30, 2013		December 31, 2012	
(In millions)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	$119.1	$115.3	$29.2	$23.2
Long-term – Derivative financial instruments	53.0	44.2	5.7	8.3
Total derivatives designated as hedging instruments	172.1	159.5	34.9	31.5
Derivatives not designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	17.2	19.3	44.2	27.2
Long-term – Derivative financial instruments	2.1	2.6	3.5	2.8
Total derivatives not designated as hedging instruments	19.3	21.9	47.7	30.0
Total derivatives	$191.4	$181.4	$82.6	$61.5

We recognized losses of $0.2 million and gains of $2.5 million on cash flow hedges for the three months ended September 30, 2013 and 2012, respectively, and losses of $0.3 million and gains of $3.9 million for the nine months ended September 30, 2013 and 2012, respectively, due to hedge ineffectiveness as it was probable that the original forecasted transaction would not occur. Cash flow hedges of forecasted transactions, net of tax, resulted in accumulated other comprehensive gains of $25.4 million and $10.0 million at September 30, 2013, and December 31, 2012, respectively. We expect to transfer an approximate $10.1 million gain from accumulated OCI to earnings during the next 12 months when the anticipated transactions actually occur. All anticipated transactions currently being hedged are expected to occur by the end of 2016.

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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.

	Gain (Loss) Recognized in OCI (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Interest rate contracts	$—	$0.5	$—	$1.2
Foreign exchange contracts	33.7	25.9	14.0	33.7
Total	$33.7	$26.4	$14.0	$34.9

Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Foreign exchange contracts:				
Revenue	$(3.6)	$0.2	$(5.1)	$3.0
Cost of sales	3.4	(0.6)	6.4	(4.5)
Selling, general and administrative expense	—	—	0.1	(0.1)
Total	$(0.2)	$(0.4)	$1.4	$(1.6)

Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Foreign exchange contracts:				
Revenue	$(0.6)	$4.1	$(0.1)	$12.0
Cost of sales	(3.0)	(6.1)	(7.2)	(14.2)
Total	$(3.6)	$(2.0)	$(7.3)	$(2.2)

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.

Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income on Derivatives (Instruments Not Designated as Hedging Instruments)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Foreign exchange contracts:				
Revenue	$0.3	$(0.1)	$1.4	$1.5
Cost of sales	0.2	0.2	(0.4)	(0.1)
Other income (expense), net	(10.6)	2.8	(10.3)	3.9
Total	$(10.1)	$2.9	$(9.3)	$5.3

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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, 2013, and December 31, 2012, we had no collateralized derivative contracts. The following tables present both gross information and net information of recognized derivative instruments:

	September 30, 2013			December 31, 2012		
(In millions)	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount
Derivative assets	$191.4	$(161.5)	$29.9	$82.6	$(47.1)	$35.5

	September 30, 2013			December 31, 2012		
(In millions)	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount
Derivative liabilities	$181.4	$(161.5)	$19.9	$61.5	$(47.1)	$14.4

NOTE 13. FAIR VALUE MEASUREMENTS

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

	September 30, 2013				December 31, 2012			
(In millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investments:								
Equity securities	$19.6	$19.6	$—	$—	$17.2	$17.2	$—	$—
Fixed income	12.5	12.5	—	—	11.6	11.6	—	—
Money market fund	4.4	—	4.4	—	2.6	—	2.6	—
Stable value fund	1.0	—	1.0	—	1.3	—	1.3	—
Other	2.6	2.6	—	—	2.9	2.9	—	—
Derivative financial instruments:								
Foreign exchange contracts	191.4	—	191.4	—	82.6	—	82.6	—
Total assets	$231.5	$34.7	$196.8	$—	$118.2	$31.7	$86.5	$—
Liabilities								
Derivative financial instruments:								
Foreign exchange contracts	181.4	—	181.4	—	61.5	—	61.5	—
Contingent earn-out consideration	59.4	—	—	59.4	105.3	—	—	105.3
Total liabilities	$240.8	$—	$181.4	$59.4	$166.8	$—	$61.5	$105.3

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. Certain prior-year amounts have been reclassified to conform to the current year's presentation.

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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 are 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 is based upon significant inputs not observable in the market. Changes in the value of the contingent earn-out consideration are recorded as cost of service or 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Balance at beginning of period	$50.5	$72.1	$105.3	$57.5
Remeasurement adjustment	8.5	10.2	17.6	24.4
Payment	—	—	(57.3)	—
Foreign currency translation adjustment	0.4	3.1	(6.2)	3.5
Balance at end of period	$59.4	$85.4	$59.4	$85.4

Fair value of debt—At September 30, 2013, 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 $773.0 million as compared to the $800.0 million face value of the debt, net of issue discounts, recorded in the consolidated balance sheet.

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, revolving credit facility 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. 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, 2013, and December 31, 2012, 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 ended December 31, 2013.

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NOTE 15. BUSINESS SEGMENT INFORMATION

Beginning in the third quarter of 2013 and in conjunction with management's efforts to accelerate the development and commercialization of subsea boosting technology for subsea markets, the results of direct drive systems technology development is now reported in Subsea Technologies. All prior-year information has been adjusted to reflect the current presentation.

Segment revenue and segment operating profit were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Segment revenue				
Subsea Technologies	$1,119.9	$929.8	$3,336.9	$2,772.3
Surface Technologies	455.9	362.8	1,317.8	1,154.4
Energy Infrastructure	152.4	132.4	444.6	406.5
Other revenue [1] and intercompany eliminations	(3.7)	(6.0)	(20.9)	(22.7)
Total revenue	$1,724.5	$1,419.0	$5,078.4	$4,310.5
Income before income taxes:				
Segment operating profit:				
Subsea Technologies	$121.1	$110.4	$338.7	$286.4
Surface Technologies	74.5	57.5	189.1	219.7
Energy Infrastructure	17.9	12.8	51.7	40.0
Total segment operating profit	213.5	180.7	579.5	546.1
Corporate items:				
Corporate expense [2]	(10.4)	(11.5)	(33.2)	(30.4)
Other revenue [1] and other expense, net [3]	(27.1)	(29.3)	(75.6)	(79.9)
Net interest expense	(8.2)	(6.0)	(25.1)	(15.9)
Total corporate items	(45.7)	(46.8)	(133.9)	(126.2)
Income before income taxes attributable to FMC Technologies, Inc.	$167.8	$133.9	$445.6	$419.9

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

(2) Corporate expense primarily includes corporate staff expenses.

(3) Other expense, net, generally includes stock-based compensation, other employee benefits, LIFO adjustments, certain foreign exchange gains and losses, and the impact of unusual or strategic transactions not representative of segment operations.

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Segment operating capital employed and assets were as follows:

(In millions)	September 30, 2013	December 31, 2012
Segment operating capital employed [1]:		
Subsea Technologies	$2,163.6	$2,050.7
Surface Technologies	1,203.7	1,185.3
Energy Infrastructure	354.1	336.6
Total segment operating capital employed	3,721.4	3,572.6
Segment liabilities included in total segment operating capital employed [2]	2,074.3	1,824.2
Corporate [3]	629.2	506.1
Total assets	$6,424.9	$5,902.9
Segment assets:		
Subsea Technologies	$3,826.9	$3,452.3
Surface Technologies	1,504.3	1,487.9
Energy Infrastructure	489.8	474.8
Intercompany eliminations	(25.3)	(18.2)
Total segment assets	5,795.7	5,396.8
Corporate [3]	629.2	506.1
Total assets	$6,424.9	$5,902.9

(1) FMC Technologies' management views segment operating capital employed, which consists of assets, net of its liabilities, as the primary measure of segment capital. Segment operating capital employed excludes debt, pension liabilities, income taxes, and LIFO and valuation adjustments.

(2) 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.

(3) 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

Overall, management is optimistic about business activity for the remainder of 2013 and entering into 2014 as global economic growth continues to recover. While expectations of future energy demand remain closely tied to economic activity in major world economies, total world consumption of crude oil and liquid fuels is expected to slightly increase in the remainder of 2013 and through the first half of 2014. As a result, we currently expect crude oil prices to remain at a level that supports exploration and production activity, especially in subsea markets.

Our strong subsea project backlog as of September 30, 2013, combined with continued demand for subsea systems and services related to exploration and production activity, supports our expectations of improved results. Our mix of projects in subsea backlog continues to improve, and as a result, we continue to expect margin improvement in the fourth quarter of 2013 and entering into 2014. Despite slower than expected progress from efforts to reduce costs in our Eastern region subsea business, our investments in talent, supply chain, and facilities are beginning to deliver positive results in most of our other regions. We believe these investments will support continuous improvement in our quality, delivery, and cost performance while maintaining and strengthening our market leadership. In addition, we continue to focus on subsea processing and subsea services as key growth platforms so that we can expand our role as life-of-field partners with our customers by lowering their costs and improving their recovery.

Regarding our surface technologies portfolio, the slowdown in North American surface activity in the latter half of 2012, resulting from oversupply of equipment and lower natural gas prices, led to curtailed fracturing capacity expansion. This curtailment continued in the first nine months of 2013. As a result, the slowdown had a negative impact on profits in our fluid control business and fracturing rental assets in our surface wellhead business in the first nine months of 2013 compared to the prior year. We do not expect significant increases in U.S. rig counts in the fourth quarter of 2013; thus North American surface volumes in our fluid control and surface wellhead business is expected to remain stable. Seasonal activity growth in our completion services business as well as continued strong order activity in our international surface wellhead business in the fourth quarter of 2013 is expected to improve segment revenue and margin.

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CONSOLIDATED RESULTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Three Months Ended September 30,		Change	
(In millions, except %)	2013	2012	$	%
Revenue	$1,724.5	$1,419.0	305.5	21.5
Costs and expenses:				
Cost of sales	1,353.8	1,099.1	254.7	23.2
Selling, general and administrative expense	165.9	152.9	13.0	8.5
Research and development expense	27.2	29.8	(2.6)	(8.7)
Total costs and expenses	1,546.9	1,281.8	265.1	20.7
Other income (expense), net	(0.2)	4.3	(4.5)	*
Net interest expense	(8.2)	(6.0)	(2.2)	(36.7)
Income before income taxes	169.2	135.5	33.7	24.9
Provision for income taxes	51.8	35.0	16.8	48.0
Net income	117.4	100.5	16.9	16.8
Net income attributable to noncontrolling interests	(1.4)	(1.6)	0.2	12.5
Net income attributable to FMC Technologies, Inc.	$116.0	$98.9	17.1	17.3

* Not meaningful

Revenue increased by $305.5 million in the third quarter of 2013 compared to the prior-year quarter. Revenue in the third quarter of 2013 included a $40.4 million unfavorable impact of foreign currency translation. The impact of the strong backlog coming into the third quarter of 2013 led to increased Subsea Technologies revenue year-over-year. Surface Technologies posted higher revenue during the third quarter of 2013 primarily from the acquisition of our completion services business during the fourth quarter of 2012 and from our surface wellhead business in the Asia Pacific region due to increased conventional wellhead system sales.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 21.5% in the third quarter of 2013, from 22.5% in the prior-year quarter. The decline in gross profit as a percentage of sales was primarily due to the following:

- Subsea Technologies - 1.7 percentage point decrease from higher organization staffing costs and increased project completion costs, including charges for rework and liquidated damages, in our Eastern region subsea business;
- Surface Technologies - 0.3 percentage point increase based on strong market growth in the Asia Pacific region from higher margin projects in our surface wellhead business, partially offset by the slowdown in the North American shale markets which negatively impacted demand for well service pumps and flowline products in our fluid control business and created an unfavorable pricing environment for our fracturing rental assets in our surface wellhead business; and
- Energy Infrastructure - 0.1 percentage point increase from higher sales volumes and improved execution in our separation systems business and higher margin projects in our material handling business.

The residual change in gross profit as a percentage of sales is primarily due to certain foreign exchange gains and losses.

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Selling, general and administrative expense increased $13.0 million year-over-year, driven by additional staffing to support expanding operations, including the acquisition of our completion services business, higher project tendering costs, and an increase in stock based compensation expense.

Research and development expense decreased $2.6 million year-over-year as we continued to advance new technologies in Subsea Technologies, including subsea processing capabilities.

Other income (expense), net, reflected losses of $1.7 million and gains of $3.4 million related to the remeasurement of foreign currency exposures and gains of $1.3 million and $1.0 million associated with investments held in an employee benefit trust for our non-qualified deferred compensation plan in the third quarter of 2013 and 2012, respectively.

Net interest expense increased $2.2 million year-over-year due to higher average debt balances during the third quarter of 2013.

Our income tax provisions for the third quarter of 2013 and 2012 reflected effective tax rates of 30.9% and 26.1%, respectively. The increase in the effective tax rate year-over-year was primarily due to an unfavorable change in the forecasted country mix of earnings and the settlement of tax examinations outside 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 $1,331 million at September 30, 2013. 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.

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OPERATING RESULTS OF BUSINESS SEGMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Three Months Ended September 30,		Change	
(In millions, except %)	2013	2012	$	%
Revenue				
Subsea Technologies	$1,119.9	$929.8	190.1	20.4
Surface Technologies	455.9	362.8	93.1	25.7
Energy Infrastructure	152.4	132.4	20.0	15.1
Other revenue and intercompany eliminations	(3.7)	(6.0)	2.3	*
Total revenue	$1,724.5	$1,419.0	305.5	21.5
Net income				
Segment operating profit:				
Subsea Technologies	$121.1	$110.4	10.7	9.7
Surface Technologies	74.5	57.5	17.0	29.6
Energy Infrastructure	17.9	12.8	5.1	39.8
Total segment operating profit	213.5	180.7	32.8	18.2
Corporate items:				
Corporate expense	(10.4)	(11.5)	1.1	9.6
Other revenue and other expense, net	(27.1)	(29.3)	2.2	7.5
Net interest expense	(8.2)	(6.0)	(2.2)	(36.7)
Total corporate items	(45.7)	(46.8)	1.1	2.4
Income before income taxes	167.8	133.9	33.9	25.3
Provision for income taxes	51.8	35.0	16.8	48.0
Net income attributable to FMC Technologies, Inc.	$116.0	$98.9	17.1	17.3

* 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 $190.1 million year-over-year. Revenue for the third quarter of 2013 included a $39.6 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by $229.7 million year-over-year. Subsea Technologies revenue is primarily impacted by the level of backlog conversion. Subsea revenue increased year-over-year in all regions of our subsea systems business. We entered the third quarter with solid subsea backlog and continued to have strong subsea systems and service order activity during the third quarter of 2013, including a $340 million subsea systems order for Tullow Ghana's TEN project and the order of 11 manifolds from Petrobras.

Subsea Technologies operating profit in the third quarter of 2013 totaled $121.1 million, or 10.8% of revenue, compared to the prior-year quarter’s operating profit as a percentage of revenue of 11.9%. The margin decline was primarily driven by the following:

- Subsea Systems - 1.6 percentage point decrease due to higher organization staffing costs and increased project completion costs, including charges for rework and liquidated damages, in our Eastern region subsea business; and
- Schilling Robotics - 0.6 percentage point increase due to non-recurring inventory fair value step-up amortization expense recorded in the third quarter of 2012.

Operating profit for the third quarter of 2013 included a $4.7 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased $93.1 million year-over-year. The increase in revenue was primarily driven by our completion services business which was acquired in the fourth quarter of 2012 and our surface wellhead business in the Asia Pacific region due to conventional wellhead system sales. These increases were partially offset by a decrease in revenue in our fluid control business resulting from the slowdown of the North American shale markets which has decreased demand for our well service pumps and flowline products.

Surface Technologies operating profit in the third quarter of 2013 totaled $74.5 million, or 16.3% of revenue, compared to the prior-year quarter’s operating profit as a percentage of revenue of 15.8%. The margin improvement was primarily driven by the following:

- Surface Wellhead - 4.3 percentage point increase due to strong market growth in the Asia Pacific region from higher margin projects;
- Completion Services - 1.8 percentage point decrease due to the inclusion of our completion service business and lower activity in the Canadian market which impacted results; and
- Fluid Control - 1.7 percentage point decrease due to the slowdown in the North American shale markets, primarily from a lack of capacity expansion, which lowered demand for our well service pumps and flowline products in our fluid control business.

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Energy Infrastructure

Energy Infrastructure revenue increased $20.0 million year-over-year. The increase was driven by increased market activity in our measurement solutions business and increased sales related to work on liquefied natural gas projects in our loading systems business.

Energy Infrastructure operating profit in the third quarter of 2013 totaled $17.9 million, or 11.8% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 9.7%. The margin improvement was primarily driven by the following:

- Separation Systems - 1.4 percentage point increase due to higher sales volumes, improved execution, and lower staff support costs; and
- Material Handling - 0.9 percentage point increase due to higher margin projects and lower staff support costs.

Corporate Items

Our corporate items reduced earnings $45.7 million in the third quarter of 2013, compared to $46.8 million in the third quarter of 2012. The year-over-year decrease primarily reflected the following:

- unfavorable variance related to stock-based compensation expense, primarily from the accelerated vesting of awards for retirement eligible grantees, of $6.0 million;
- favorable variance of $1.6 million related to a larger remeasurement of the Multi Phase Meters contingent earn-out consideration in the third quarter of 2012;
- favorable variance related to higher pension expense in the third quarter of 2012, primarily due to settlement losses in our U.S. non-qualified defined benefit pension plan, of $5.8 million;
- favorable variance related to lower corporate staffing expenses of $1.1 million; and an
- unfavorable variance related to higher net interest expense of $2.2 million due to increased debt balances during the third quarter of 2013 as compared to the third quarter of 2012 related to our Senior Notes offering.

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CONSOLIDATED RESULTS OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Nine Months Ended September 30,		Change	
(In millions, except %)	2013	2012	$	%
Revenue	$5,078.4	$4,310.5	767.9	17.8
Costs and expenses:				
Cost of sales	4,011.1	3,383.1	628.0	18.6
Selling, general and administrative expense	508.8	429.3	79.5	18.5
Research and development expense	84.9	82.9	2.0	2.4
Total costs and expenses	4,604.8	3,895.3	709.5	18.2
Other income, net	1.0	24.4	(23.4)	*
Net interest expense	(25.1)	(15.9)	(9.2)	(57.9)
Income before income taxes	449.5	423.7	25.8	6.1
Provision for income taxes	122.0	110.3	11.7	10.6
Net income	327.5	313.4	14.1	4.5
Net income attributable to noncontrolling interests	(3.9)	(3.8)	(0.1)	(2.6)
Net income attributable to FMC Technologies, Inc.	$323.6	$309.6	14.0	4.5

* Not meaningful

Revenue increased $767.9 million in the first nine months of 2013 compared to the prior year. Revenue in the first nine months of 2013 included a $74.0 million unfavorable impact of foreign currency translation. The impact of the strong backlog coming into 2013 led to increased Subsea Technologies revenue year-over-year. Additionally, revenue increased year-over-year as a result of the acquisition of the remaining 55% interest of Schilling Robotics in late April of 2012. Surface Technologies posted higher revenue during the first nine months of 2013 primarily from our completion services business which was acquired during the fourth quarter of 2012 and from our surface wellhead business in the Asia Pacific and Europe regions due to conventional wellhead system sales.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 21.0% in the first nine months of 2013, from 21.5% in the prior year. The decline in gross profit as a percentage of sales was primarily due to the following:

- Subsea Technologies - 0.2 percentage point decrease due to higher organization staffing costs and increased project completion costs in our Eastern region subsea business. The decline in gross profit as a percentage of sales was partially offset by a lower charge related to the Multi Phase Meters contingent earn-out consideration in the first nine months of 2013;
- Surface Technologies - 0.8 percentage point decrease due to the impact of the spring break-up of the Canadian market and the inclusion of our completion services business and the slowdown in the North American shale markets which lowered demand for our well service pumps and flowline products in our fluid control business; and
- Energy Infrastructure - 0.1 percentage point increase due to higher margin projects and lower warranty costs in our loading systems business.

The residual change in gross profit as a percentage of sales year-over-year is due to certain foreign exchange gains and losses.

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Selling, general and administrative expense increased $79.5 million year-over-year, driven by additional staffing to support expanding operations, including the acquisition of our completion services business, higher project tendering costs, and an increase in stock-based compensation expense.

Research and development expense increased $2.0 million year-over-year as we continued to advance new technologies in Subsea Technologies, including subsea processing capabilities.

Other income, net, reflected a $20.0 million gain related to the fair valuation of our previously held equity interest in Schilling Robotics during the first nine months of 2012, and gains of $2.7 million and $2.2 million associated with investments held in an employee benefit trust for our non-qualified deferred compensation plan in the first nine months of 2013 and 2012, respectively.

Net interest expense increased $9.2 million year-over-year due to higher average debt balances during the first nine months of 2013.

Our income tax provisions for the first nine months of 2013 and 2012 reflected effective tax rates of 27.4% and 26.3%, respectively. The increase in the effective tax rate year-over-year was primarily due to an unfavorable change in the forecasted country mix of earnings and the settlement of tax examinations outside the United States. This increase in the effective tax rate was partially offset by the favorable impact of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, and which retroactively reinstated certain provisions of U.S. tax law. 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 $1,331 million at September 30, 2013. 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.

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OPERATING RESULTS OF BUSINESS SEGMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Nine Months Ended September 30,		Change	
(In millions, except %)	2013	2012	$	%
Revenue				
Subsea Technologies	$3,336.9	$2,772.3	564.6	20.4
Surface Technologies	1,317.8	1,154.4	163.4	14.2
Energy Infrastructure	444.6	406.5	38.1	9.4
Other revenue and intercompany eliminations	(20.9)	(22.7)	1.8	*
Total revenue	$5,078.4	$4,310.5	767.9	17.8
Net income				
Segment operating profit:				
Subsea Technologies	$338.7	$286.4	52.3	18.3
Surface Technologies	189.1	219.7	(30.6)	(13.9)
Energy Infrastructure	51.7	40.0	11.7	29.3
Total segment operating profit	579.5	546.1	33.4	6.1
Corporate items:				
Corporate expense	(33.2)	(30.4)	(2.8)	(9.2)
Other revenue and other expense, net	(75.6)	(79.9)	4.3	5.4
Net interest expense	(25.1)	(15.9)	(9.2)	(57.9)
Total corporate items	(133.9)	(126.2)	(7.7)	(6.1)
Income before income taxes	445.6	419.9	25.7	6.1
Provision for income taxes	122.0	110.3	11.7	10.6
Net income attributable to FMC Technologies, Inc.	$323.6	$309.6	14.0	4.5

* 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 $564.6 million year-over-year. Revenue for the nine months of 2013 included a $69.8 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by $634.4 million year-over-year. Subsea Technologies revenue is primarily impacted by the level of backlog conversion. Subsea revenue increased year-over-year in all regions of our subsea systems business. We entered 2013 with solid subsea backlog and continued to have strong subsea systems and service order activity during the first nine months of 2013, including a $1.2 billion subsea equipment order for Total's Egina field. Additionally, revenue increased year-over-year resulting from the acquisition of the remaining 55% interest of Schilling Robotics in late April of 2012.

Subsea Technologies operating profit in the first nine months of 2013 totaled $338.7 million, or 10.2% of revenue, compared to the prior year’s operating profit as a percentage of revenue of 10.3%. Subsea Technologies operating profit in the first nine months of 2012 included the gain on our previously held equity interest in Schilling Robotics and other purchase accounting adjustments which had a combined net benefit of $9.0 million in the prior year. Excluding this net benefit, the margin improvement was primarily driven by increased utilization and efficiencies of engineering resources in our subsea systems business, partially offset by higher organization staffing costs and increased project completion costs in our Eastern region subsea business. Operating profit for the first nine months of 2013 included an $11.3 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased $163.4 million year-over-year. Revenue for the first nine months of 2013 included a $6.7 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by $170.1 million year-over-year. The increase in revenue was primarily driven by the acquisition of our completion services business in the fourth quarter of 2012 and our surface wellhead business in the Asia Pacific and Europe regions due to conventional wellhead system sales. These increases were partially offset by a decrease in revenue in our fluid control business resulting from the slowdown of the North American shale markets which have decreased demand for our well service pumps and flowline products.

Surface Technologies operating profit in the first nine months of 2013 totaled $189.1 million, or 14.4% of revenue, compared to the prior year’s operating profit as a percentage of revenue of 19.0%. The margin decline was primarily driven by the following:

- Completion Services - 2.7 percentage point decrease due to the inclusion of our completion service business and the spring break-up of the Canadian market which impacted results;
- Fluid Control - 2.4 percentage point decrease due to the slowdown in the North American shale markets, primarily from a lack of capacity expansion, which lowered demand for our well service pumps and flowline products; and
- Surface Wellhead - 0.6 percentage point increase due to strong market growth in the Asia Pacific and Europe regions from higher margin projects.

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Energy Infrastructure

Energy Infrastructure revenue increased $38.1 million year-over-year. The increase was driven by our loading systems business related to work on a liquefied natural gas project and the acquisition of our automation and controls business during the second quarter of 2012, partially offset by our material handling business due to lower backlog entering into 2013.

Energy Infrastructure operating profit in the first nine months of 2013 totaled $51.7 million, or 11.6% of revenue, compared to the prior year's operating profit as a percentage of revenue of 9.8%. The margin improvement was primarily driven by the following:

- Loading Systems - 1.1 percentage point increase due higher margin projects and lower warranty costs; and
- Separation Systems - 0.9 percentage point increase due to higher sales volumes and improved execution.

Corporate Items

Our corporate items reduced earnings $133.9 million in the first nine months of 2013, compared to $126.2 million in the prior year. The year-over-year increase primarily reflected the following:

- favorable variance in foreign currency of $9.4 million;
- favorable variance of $6.8 million related to a larger remeasurement of the Multi Phase Meters contingent earn-out consideration in the first nine months of 2012;
- favorable variance related to higher pension expense in the first nine months of 2012, primarily due to settlement losses in our U.S. non-qualified defined benefit pension plan, of $6.2 million;
- unfavorable variance related to stock-based compensation expense, primarily from the accelerated vesting of awards for retirement eligible grantees, of $15.5 million; and an
- unfavorable variance related to higher net interest expense of $9.2 million due to increased debt balances during the first nine months of 2013 compared to the first nine months of 2012 related to our Senior Notes offering.

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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.

	Inbound Orders			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Subsea Technologies	$1,728.7	$885.5	$5,485.1	$3,191.3
Surface Technologies	477.0	340.3	1,426.9	1,130.7
Energy Infrastructure	166.2	157.5	444.9	496.6
Intercompany eliminations and other	(3.9)	(5.7)	(29.6)	(6.4)
Total inbound orders	$2,368.0	$1,377.6	$7,327.3	$4,812.2

Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Translation 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, and positively affected backlog by $118.9 million and negatively affected backlog by $95.9 million for the three and nine months ended September 30, 2012, respectively.

	Order Backlog		
(In millions)	September 30, 2013	December 31, 2012	September 30, 2012
Subsea Technologies	$6,467.5	$4,580.3	$4,418.1
Surface Technologies	608.1	500.8	554.6
Energy Infrastructure	299.0	297.7	310.5
Intercompany eliminations	(8.9)	(1.0)	(1.0)
Total order backlog	$7,365.7	$5,377.8	$5,282.2

Order backlog for Subsea Technologies at September 30, 2013, increased by $1,887.2 million compared to December 31, 2012. Subsea Technologies backlog of $6.5 billion at September 30, 2013, was composed of various subsea projects, including BP's Mad Dog Phase 2; Chevron's Wheatstone; CNR International's Baobab Field Phase 3; ExxonMobil's Hibernia Southern Extension and Julia; Petrobras' tree frame agreement, Congro & Corvina, and pre-salt tree and manifold award; Shell's Prelude, BC-10 Phase 3 and Stones; Statoil's Statfjord Workover System, Gullfaks South, Tyrihans, Smorbukk South Extension, Oseberg Delta and Gullfaks Rimfaksdalen; Total's Egina and CLOV; and Tullow Ghana's TEN.

Surface Technologies order backlog at September 30, 2013, increased by $107.3 million compared to December 31, 2012. The increase was due to strong inbound orders in all regions in our surface wellhead business during the nine months ended September 30, 2013.

Energy Infrastructure order backlog at September 30, 2013, increased by $1.3 million compared to December 31, 2012, driven by backlog build in our measurement solutions business, partially offset by reduced orders in our loading systems 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, 2013	December 31, 2012
Cash and cash equivalents	$360.2	$342.1
Short-term debt and current portion of long-term debt	(35.0)	(60.4)
Long-term debt, less current portion	(1,540.9)	(1,580.4)
Net debt	$(1,215.7)	$(1,298.7)

The change in our net debt position was primarily due to positive changes in our working capital position related to advanced payments on major projects, partially offset by capital expenditures and the first of two payments related to the Multi Phase Meters earn-out obligation.

Cash Flows

We generated $425.2 million and used $5.2 million in cash flows from operating activities during the nine months ended September 30, 2013 and 2012, respectively. The increase in cash flows from operating activities year-over-year was primarily due to changes in our working capital driven by our portfolio of projects and higher net income year-over-year. 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 significant advance payments related to projects which positively impacted our working capital position.

During the nine months ended September 30, 2013, cash flows required by investing activities totaled $235.2 million, primarily consisting of amounts required to fund capital expenditures. Capital expenditures during the first nine months of 2013 reflected our investment in capacity expansion and equipment upgrades.

Financing activities used $170.3 million and generated $837.2 million in cash flows during the nine months ended September 30, 2013 and 2012, respectively. The change in cash flows from financing activities was due to a reduction in our long-term debt, increased treasury stock repurchases, and the first of two payments related to the Multi Phase Meters earn-out obligation in the first nine months of 2013. During the first nine months of 2012, we completed the public offering of $800.0 million aggregate senior notes.

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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, 2012 for information related to our Senior Notes.

Credit Facility—The following is a summary of our revolving credit facility at September 30, 2013:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding (a)	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$1,500.0	$—	$ 710.8	$6.0	$783.2	March 2017

(a) Under our commercial paper program, we have the ability to access up to $1.0 billion of financing through our 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 $710.8 million of commercial paper issued under our facility at September 30, 2013. 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, 2013.

As of September 30, 2013, we were in compliance with debt 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 $115 million in the fourth quarter of 2013 for capital expenditures, largely towards our subsea expansion in Brazil and West Africa and related to growth of our subsea service offerings. We expect to make contributions of approximately $3.8 million to our international pension plans during the remainder of 2013. 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 $783.2 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 also 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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CRITICAL ACCOUNTING ESTIMATES

Refer to our Annual Report on Form 10-K for the year ended December 31, 2012, for a discussion of our critical accounting estimates. During the nine months ended September 30, 2013, there were no material changes in our judgments and assumptions associated with the development of our critical accounting estimates.

RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2013, the FASB issued 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.” 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 will be 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 will be applied prospectively, effective January 1, 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.

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, 2012, for quantitative and qualitative disclosures about market risk. There have been no material changes in our exposures to market risk since December 31, 2012.

ITEM 4. CONTROLS AND PROCEDURES

As of September 30, 2013, 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 Rule 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, we have concluded as of September 30, 2013, that our disclosure controls and procedures were:

i) 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

ii) 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, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rule 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

As of the date of this filing, there have been no material changes or updates in our risk factors that were previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012.

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, 2013.

The following table summarizes repurchases of our common stock during the three months ended September 30, 2013.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased [a]	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 [b]
July 1, 2013—July 31, 2013	124,400	$56.70	122,500	14,045,418
August 1, 2013—August 31, 2013	152,263	$53.93	151,923	13,893,495
September 1, 2013—September 30, 2013	122,930	$55.23	122,100	13,771,395
Total	399,593	$55.19	396,523	13,771,395

(a) Represents 396,523 shares of common stock repurchased and held in treasury and 3,070 shares of common stock purchased and held in an employee benefit trust established for the FMC Technologies, Inc. Non-Qualified Savings and Investment Plan. In addition to these shares purchased on the open market, we sold 6,260 shares of registered common stock held in this trust, as directed by the beneficiaries during the three months ended September 30, 2013.

(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. In addition to the 75 million shares, in July 2008, the Board of Directors authorized the repurchase of $95.0 million of our outstanding common stock, and as of September 2008, there was no remaining amount available for purchase under the $95.0 million authorization.

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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, 2013.

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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 25, 2013

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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) (Registration 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 3.2 to the Annual Report on Form 10-K filed on February 22, 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	Rights Agreement, dated as of June 5, 2001, between FMC Technologies, Inc. and Computershare Investor Services, LLC, as Rights Agent (incorporated by reference from Exhibit 4.2 to the Form S-8 filed on June 14, 2001) (File No. 333-62996).
4.2.a	Amendment to Rights Agreement, dated as of September 8, 2009, between FMC Technologies, Inc. and National City Bank, as Rights Agent (incorporated by reference from Exhibit 4.1 to the Current Report on Form 8-K filed on September 14, 2009) (File No. 001-16489).
4.3	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).
4.3.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).
4.3.b	Form of 2.00% Senior Notes dues 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).

4.3.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).
4.3.d	Form of 3.45% Senior Notes dues 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).
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