FMC TECHNOLOGIES INC
Form 10-Q
July 25, 2014
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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 June 30, 2014
or
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File Number 001-16489

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 July 22, 2014
Common Stock, par value $0.01 per share	234,857,431

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

- Demand for our systems and services, which is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets;
- Potential liabilities arising out of the installation or use of our systems;
- U.S. and international laws and regulations, including environmental regulations, that may increase our costs, limit the demand for our products and services or restrict our operations;
- Disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we conduct business;
- Fluctuations in currency markets worldwide;
- Cost overruns that may affect profit realized on our fixed price contracts;
- Disruptions in the timely delivery of our backlog and its effect on our future sales, profitability and our relationships with our customers;
- The cumulative loss of major contracts or alliances;
- Rising costs and availability of raw materials;
- Our dependence on the continuing services of key managers and employees and our ability to attract, retain and motivate additional highly-skilled employees for the operation and expansion of our business;
- A failure of our information technology infrastructure or any significant breach of security;
- Our ability to develop and implement new technologies and services, as well as our ability to protect and maintain critical intellectual property assets;
- 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 June 30,		Six Months Ended June 30,	
(In millions, except per share data)	2014	2013	2014	2013
Revenue:				
Product revenue	$1,590.4	$1,366.2	$3,039.5	$2,699.5
Service and other revenue	394.9	341.7	770.2	654.4
Total revenue	1,985.3	1,707.9	3,809.7	3,353.9
Costs and expenses:				
Cost of product revenue	1,227.2	1,094.8	2,346.4	2,174.2
Cost of service and other revenue	280.6	255.3	564.9	483.1
Selling, general and administrative expense	188.4	172.1	371.2	342.9
Research and development expense	29.4	29.2	54.7	57.7
Total costs and expenses	1,725.6	1,551.4	3,337.2	3,057.9
Gain on sale of Material Handling Products (Note 4)	85.6	—	85.6	—
Other income (expense), net	(1.6)	0.2	(2.7)	1.2
Income before net interest expense and income taxes	343.7	156.7	555.4	297.2
Net interest expense	(8.3)	(8.8)	(16.5)	(16.9)
Income before income taxes	335.4	147.9	538.9	280.3
Provision for income taxes	107.7	41.4	174.7	70.2
Net income	227.7	106.5	364.2	210.1
Net income attributable to noncontrolling interests	(1.4)	(1.3)	(2.7)	(2.5)
Net income attributable to FMC Technologies, Inc.	$226.3	$105.2	$361.5	$207.6
Earnings per share attributable to FMC Technologies, Inc. (Note 3):				
Basic	$0.96	$0.44	$1.53	$0.87
Diluted	$0.95	$0.44	$1.52	$0.87
Weighted average shares outstanding (Note 3):				
Basic	236.7	238.3	237.0	238.4
Diluted	237.2	239.3	237.5	239.3

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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Net income	$227.7	$106.5	$364.2	$210.1
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments [1]	7.1	(49.9)	16.4	(79.0)
Net gains (losses) on hedging instruments:				
Net gains (losses) arising during the period	(8.2)	14.9	(8.4)	(6.2)
Reclassification adjustment for net losses (gains) included in net income	(4.5)	2.1	(6.9)	(1.1)
Net gains (losses) on hedging instruments [2]	(12.7)	17.0	(15.3)	(7.3)
Pension and other post-retirement benefits:				
Reclassification adjustment for amortization of prior service credit included in net income	—	(0.1)	(0.1)	(0.2)
Reclassification adjustment for amortization of net actuarial loss included in net income	3.2	5.0	6.0	10.2
Net pension and other post-retirement benefits [3]	3.2	4.9	5.9	10.0
Other comprehensive income (loss), net of tax	(2.4)	(28.0)	7.0	(76.3)
Comprehensive income	225.3	78.5	371.2	133.8
Comprehensive income attributable to noncontrolling interest	(1.4)	(1.3)	(2.7)	(2.5)
Comprehensive income attributable to FMC Technologies, Inc.	$223.9	$77.2	$368.5	$131.3

(1) Net of income tax (expense) benefit of $(0.2) and $(0.5) for the three months ended June 30, 2014 and 2013, respectively, and $(1.2) and $2.0 for the six months ended June 30, 2014 and 2013, respectively.

(2) Net of income tax (expense) benefit of $2.9 and $8.4 for the three months ended June 30, 2014 and 2013, respectively, and $(0.9) and $14.0 for the six months ended June 30, 2014 and 2013, respectively.

(3) Net of income tax (expense) benefit of $(1.5) and $(2.7) for the three months ended June 30, 2014 and 2013, respectively, and $(3.4) and $(5.4) for the six months ended June 30, 2014 and 2013, 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)	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Cash and cash equivalents	$382.2	$399.1
Trade receivables, net of allowances of $9.6 in 2014 and $7.4 in 2013	2,120.0	2,067.2
Inventories, net (Note 5)	1,025.7	980.4
Derivative financial instruments (Note 12)	116.8	165.9
Prepaid expenses	68.4	41.5
Deferred income taxes	55.0	59.1
Income taxes receivable	18.8	14.6
Other current assets	315.1	295.2
Total current assets	4,102.0	4,023.0
Investments	40.3	44.3
Property, plant and equipment, net of accumulated depreciation of $825.5 in 2014 and $770.2 in 2013	1,444.1	1,349.1
Goodwill	576.7	580.7
Intangible assets, net of accumulated amortization of $108.7 in 2014 and $97.3 in 2013	302.1	315.3
Deferred income taxes	35.5	36.9
Derivative financial instruments (Note 12)	51.7	68.5
Other assets	201.6	187.8
Total assets	$6,754.0	$6,605.6
Liabilities and equity		
Short-term debt and current portion of long-term debt	$20.8	$42.5
Accounts payable, trade	711.9	750.7
Advance payments and progress billings	859.3	803.2
Accrued payroll	251.3	222.0
Derivative financial instruments (Note 12)	108.1	171.3
Income taxes payable	108.3	138.1
Current portion of accrued pension and other post-retirement benefits	3.5	11.0
Deferred income taxes	77.3	66.4
Other current liabilities	364.0	409.5
Total current liabilities	2,504.5	2,614.7
Long-term debt, less current portion (Note 6)	1,289.0	1,329.8
Accrued pension and other post-retirement benefits, less current portion	79.7	84.0
Derivative financial instruments (Note 12)	37.7	47.1
Deferred income taxes	85.9	90.3
Other liabilities	107.4	103.4
Commitments and contingent liabilities (Note 14)		
Stockholders’ equity (Note 11):		
Preferred stock, $0.01 par value, 12.0 shares authorized in 2014 and 2013; no shares issued in 2014 or 2013	—	—
Common stock, $0.01 par value, 600.0 shares authorized in 2014 and 2013; 286.3 shares issued in 2014 and 2013; 234.9 and 235.8 shares outstanding in 2014 and 2013, respectively	2.9	2.9

Common stock held in employee benefit trust, at cost; 0.2 shares in 2014 and 2013	(7.5)	(7.7)
Common stock held in treasury, at cost; 51.2 and 50.3 shares in 2014 and 2013, respectively	(1,257.2)	(1,196.6)
Capital in excess of par value of common stock	720.0	713.2
Retained earnings	3,505.9	3,146.1
Accumulated other comprehensive loss	(333.7)	(340.7)
Total FMC Technologies, Inc. stockholders' equity	2,630.4	2,317.2
Noncontrolling interests	19.4	19.1
Total equity	2,649.8	2,336.3
Total liabilities and equity	$6,754.0	$6,605.6

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)	Six Months Ended June 30,	
	2014	2013
Cash provided (required) by operating activities:		
Net income	$364.2	$210.1
Adjustments to reconcile net income to cash provided (required) by operating activities:		
Depreciation	84.8	76.7
Amortization	27.7	24.4
Employee benefit plan and stock-based compensation costs	39.7	48.9
Deferred income tax provision	5.4	58.4
Unrealized loss on derivative instruments	6.5	2.3
Gain on sale of Material Handling Products	(85.6)	—
Other	6.7	13.4
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	(42.9)	(68.7)
Inventories, net	(59.2)	(90.1)
Accounts payable, trade	(31.1)	0.4
Advance payments and progress billings	53.6	206.5
Income taxes	(33.1)	(77.2)
Payment of Multi Phase Meters earn-out consideration	(41.5)	(32.2)
Accrued pension and other post-retirement benefits, net	(23.8)	(30.0)
Other assets and liabilities, net	(35.6)	(71.3)
Cash provided by operating activities	235.8	271.6
Cash provided (required) by investing activities:		
Capital expenditures	(180.0)	(156.7)
Proceeds from sale of Material Handling Products, net of cash divested	106.8	—
Other	2.4	2.7
Cash required by investing activities	(70.8)	(154.0)
Cash provided (required) by financing activities:		
Net decrease in short-term debt	(20.9)	(24.1)
Net decrease in commercial paper	(43.5)	(19.1)
Repayments of long-term debt	(2.6)	(62.8)
Purchase of treasury stock	(72.0)	(49.0)
Payment of Multi Phase Meters earn-out consideration	(31.0)	(25.1)
Payments related to taxes withheld on stock-based compensation	(12.2)	(16.1)
Excess tax benefits	1.9	7.4
Other	(2.0)	(0.4)
Cash required by financing activities	(182.3)	(189.2)
Effect of exchange rate changes on cash and cash equivalents	0.4	(2.9)
Decrease in cash and cash equivalents	(16.9)	(74.5)
Cash and cash equivalents, beginning of period	399.1	342.1
Cash and cash equivalents, end of period	$382.2	$267.6

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

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FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

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

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

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

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

NOTE 2. RECENTLY ADOPTED ACCOUNTING STANDARDS

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

Effective January 1, 2014, we adopted ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" issued by the FASB. This update changes the requirements of reporting discontinued operations. Under the amended guidance, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The amendments in this update are effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, with early adoption permitted. The adoption of this update concerns presentation and disclosure only as it relates to our condensed consolidated financial statements.

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NOTE 3. EARNINGS PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	2014	2013	2014	2013
Net income attributable to FMC Technologies, Inc.	$226.3	$105.2	$361.5	$207.6
Weighted average number of shares outstanding	236.7	238.3	237.0	238.4
Dilutive effect of restricted stock units and stock options	0.5	1.0	0.5	0.9
Total shares and dilutive securities	237.2	239.3	237.5	239.3
Basic earnings per share attributable to FMC Technologies, Inc.	$0.96	$0.44	$1.53	$0.87
Diluted earnings per share attributable to FMC Technologies, Inc.	$0.95	$0.44	$1.52	$0.87

NOTE 4. SALE OF MATERIAL HANDLING PRODUCTS

On April 30, 2014, we completed the sale of our equity interests of Technisys, Inc., a Utah corporation, and FMC Technologies Energy Holdings Ltd., a private limited liability company organized under the laws of Hong Kong, and assets primarily representing a product line of our material handling business ("Material Handling Products") to Syntron Material Handling, LLC, an affiliate of Levine Leichtman Capital Partners Private Capital Solutions II, L.P. Material Handling Products was historically reported in our Energy Infrastructure segment. We recognized a pretax gain of $85.6 million on the sale during the three months ended June 30, 2014.

NOTE 5. INVENTORIES

Inventories consisted of the following:

(In millions)	June 30, 2014	December 31, 2013
Raw materials	$184.4	$186.3
Work in process	182.9	141.4
Finished goods	848.7	830.3
	1,216.0	1,158.0
LIFO and valuation adjustments	(190.3)	(177.6)
Inventories, net	$1,025.7	$980.4

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NOTE 6. DEBT

Long-term debt consisted of the following:

(In millions)	June 30, 2014	December 31, 2013
Commercial paper [1]	$457.9	$501.4
2.00% Notes due 2017	299.5	299.5
3.45% Notes due 2022	499.7	499.6
Term loan	27.6	25.9
Property financing	14.3	13.9
Total long-term debt	1,299.0	1,340.3
Less: current portion	(10.0)	(10.5)
Long-term debt, less current portion	$1,289.0	$1,329.8

[1] 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 June 30, 2014 and December 31, 2013. As of June 30, 2014, our commercial paper borrowings had a weighted average interest rate of 0.31%.

NOTE 7. INCOME TAXES

Our income tax provisions for the three months ended June 30, 2014 and 2013, reflected effective tax rates of 32.2% and 28.2%, respectively. The year-over-year increase was primarily due to changes in U.S. and Norwegian tax law effective from 2014, an unfavorable change in the forecasted country mix of earnings and the tax impact related to the gain on sale of the Material Handling Products business.

Our income tax provisions for the six months ended June 30, 2014 and 2013, reflected effective tax rates of 32.6% and 25.3%, respectively. Excluding a retroactive benefit related to the American Taxpayer Relief Act of 2012 recorded in the first quarter of 2013, our effective tax rate for the six months ended June 30, 2013 was 27.7%. The year-over-year increase from this adjusted rate was primarily due to changes in U.S. and Norwegian tax law effective from 2014 and an unfavorable change in the forecasted country mix of earnings.

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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Balance at beginning of period	$18.9	$13.5	$18.0	$15.4
Expense for new warranties	5.5	8.5	10.9	13.9
Adjustments to existing accruals	0.2	1.9	0.6	0.6
Claims paid	(5.2)	(8.0)	(10.1)	(14.0)
Balance at end of period	$19.4	$15.9	$19.4	$15.9

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NOTE 9. PENSION AND OTHER POST-RETIREMENT BENEFITS

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

The components of net periodic benefit cost were as follows:

	Pension Benefits							
	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
(In millions)	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Service cost	$3.5	$4.3	$4.0	$3.6	$6.9	$8.6	$8.3	$7.4
Interest cost	7.3	4.7	6.4	4.0	14.6	9.4	12.9	8.1
Expected return on plan assets	(11.6)	(7.7)	(9.8)	(5.8)	(23.2)	(15.3)	(20.8)	(11.8)
Amortization of prior service cost (credit)	—	0.1	—	—	—	0.1	—	—
Amortization of actuarial loss (gain), net	3.0	1.7	6.7	1.3	6.1	3.4	13.4	2.6
Net periodic benefit cost	$2.2	$3.1	$7.3	$3.1	$4.4	$6.2	$13.8	$6.3

	Other Post-retirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Interest cost	$0.1	$—	$0.2	$0.1
Amortization of prior service cost (credit)	—	—	—	(0.2)
Amortization of actuarial loss (gain), net	—	(0.1)	(0.1)	(0.1)
Net periodic benefit cost	$0.1	$(0.1)	$0.1	$(0.2)

During the six months ended June 30, 2014, we contributed $8.0 million to our domestic pension benefit plans and $15.5 million to our international pension benefit plans.

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NOTE 10. STOCK-BASED COMPENSATION

Under the Amended and Restated FMC Technologies, Inc. Incentive Compensation and Stock Plan (the "Plan"), we have primarily granted awards in the form of nonvested stock units (also known as restricted stock units in the plan document). We recognize compensation expense and the corresponding tax benefits for awards under the Plan. Stock-based compensation expense for nonvested stock units was $9.9 million and $13.2 million for the three months ended June 30, 2014 and 2013, respectively, and $27.8 million and $26.5 million for the six months ended June 30, 2014 and 2013, respectively.

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

(Number of restricted stock shares in thousands)	Shares	Weighted-Average Grant Date Fair Value (per share)
Time-based	455	
Performance-based	171	*
Market-based	86	*
Total granted	712	$50.64

* Assumes grant date expected payout

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

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

NOTE 11. STOCKHOLDERS' EQUITY

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except share data)	2014	2013	2014	2013
Shares of common stock repurchased	470,600	404,096	1,369,329	974,096
Value of common stock repurchased	$26.2	$22.0	$72.0	$49.0

As of June 30, 2014, our Board of Directors had authorized 75.0 million shares of common stock under our share repurchase program, and approximately 11.5 million shares of common stock remained available for purchase, which may be executed from time to time in the open market. We intend to hold repurchased shares in treasury for general corporate purposes, including issuances under our stock-based compensation plan. Treasury shares are accounted for using the cost method.

During the six months ended June 30, 2014, 0.5 million shares of common stock were issued from treasury stock in connection with our stock-based compensation plan. During the year ended December 31, 2013, 1.0 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, 2013	$(204.3)	$31.9	$ (168.3)	$ (340.7)
Other comprehensive income (loss) before reclassifications, net of tax	16.4	(8.4)	—	8.0
Reclassification adjustment for net losses (gains) included in net income, net of tax	—	(6.9)	5.9	(1.0)
Other comprehensive income (loss), net of tax	16.4	(15.3)	5.9	7.0
June 30, 2014	$(187.9)	$16.6	$ (162.4)	$ (333.7)

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

(In millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	
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:	$(4.3)	$(3.8)	$(14.8)	$(1.5)	Revenue
	9.0	1.5	20.3	3.0	Cost of sales
	0.1	—	—	0.1	Selling, general and administrative expense
	4.8	(2.3)	5.5	1.6	Income before income taxes
	(0.3)	0.2	1.4	(0.5)	Income tax (expense) benefit
	$4.5	$(2.1)	$6.9	$1.1	Net income
Defined pension and other post-retirement benefits					
Amortization of actuarial gain (loss)	$(4.6)	$(7.7)	$(9.3)	$(15.7)	(a)
Amortization of prior service credit (cost)	—	0.1	0.1	0.3	(a)
	(4.6)	(7.6)	(9.2)	(15.4)	Income before income taxes
	1.4	2.7	3.3	5.4	Income tax (expense) benefit
	$(3.2)	$(4.9)	$(5.9)	$(10.0)	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 June 30, 2014, we held the following material positions:

	Notional Amount Bought (Sold)	
(In millions)		USD Equivalent
Australian dollar	26.8	25.2
Brazilian real	(104.6)	(47.6)
British pound	196.6	335.2
Canadian dollar	(136.5)	(127.9)
Euro	181.0	247.3
Kuwaiti dinar	(6.1)	(21.5)
Norwegian krone	2,154.2	350.2
Russian ruble	(819.7)	(24.4)
Singapore dollar	119.1	95.4
Swedish krona	149.0	22.2
U.S. dollar	(856.5)	(856.5)

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 June 30, 2014, our portfolio of these instruments included the following material positions:

	Notional Amount Bought (Sold)	
(In millions)		USD Equivalent
Brazilian real	(92.1)	(41.9)
British pound	6.6	11.2
Euro	(11.4)	(15.6)
U.S. dollar	31.0	31.0

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.

	June 30, 2014		December 31, 2013	
(In millions)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	$96.3	$88.1	$149.3	$152.5
Long-term – Derivative financial instruments	49.3	36.0	65.4	44.1
Total derivatives designated as hedging instruments	145.6	124.1	214.7	196.6
Derivatives not designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	20.5	20.0	16.6	18.8
Long-term – Derivative financial instruments	2.4	1.7	3.1	3.0
Total derivatives not designated as hedging instruments	22.9	21.7	19.7	21.8
Total derivatives	$168.5	$145.8	$234.4	$218.4

We recognized losses of $0.5 million and $0.3 million on cash flow hedges for the three months ended June 30, 2014 and 2013, respectively, and losses of $0.5 million and nil for the six months ended June 30, 2014 and 2013, 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 $16.6 million and $31.9 million at June 30, 2014, and December 31, 2013, respectively. We expect to transfer an approximate $7.3 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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Foreign exchange contracts	$(10.8)	$6.3	(8.9)	(19.7)

Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Foreign exchange contracts:				
Revenue	$(4.3)	$(3.8)	$(14.8)	$(1.5)
Cost of sales	9.0	1.5	20.3	3.0
Selling, general and administrative expense	0.1	—	—	0.1
Total	$4.8	$(2.3)	$5.5	$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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Foreign exchange contracts:				
Revenue	$4.1	$(4.4)	$8.7	$0.5
Cost of sales	(9.4)	(1.3)	(13.1)	(4.2)
Total	$(5.3)	$(5.7)	$(4.4)	$(3.7)

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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Foreign exchange contracts:				
Revenue	$(1.0)	$0.1	$(2.0)	$1.1
Cost of sales	(0.2)	(0.2)	0.3	(0.6)
Other income (expense), net	(5.9)	(7.0)	(2.3)	0.3
Total	$(7.1)	$(7.1)	$(4.0)	$0.8

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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 June 30, 2014, and December 31, 2013, we had no collateralized derivative contracts. The following tables present both gross information and net information of recognized derivative instruments:

	June 30, 2014			December 31, 2013		
(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	$168.5	$(125.8)	$42.7	$234.4	$(198.5)	$35.9

	June 30, 2014			December 31, 2013		
(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	$145.8	$(125.8)	$20.0	$218.4	$(198.5)	$19.9

NOTE 13. FAIR VALUE MEASUREMENTS

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

	June 30, 2014				December 31, 2013			
(In millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investments:								
Equity securities	$21.9	$21.9	$—	$—	$21.2	$21.2	$—	$—
Fixed income	9.1	9.1	—	—	13.2	13.2	—	—
Money market fund	4.1	—	4.1	—	3.8	—	3.8	—
Stable value fund	0.7	—	0.7	—	1.0	—	1.0	—
Other	2.4	2.4	—	—	2.4	2.4	—	—
Derivative financial instruments:								
Foreign exchange contracts	168.5	—	168.5	—	234.4	—	234.4	—
Total assets	$206.7	$33.4	$173.3	$—	$276.0	$36.8	$239.2	$—
Liabilities								
Derivative financial instruments:								
Foreign exchange contracts	145.8	—	145.8	—	218.4	—	218.4	—
Contingent earn-out consideration	0.7	—	—	0.7	70.1	—	—	70.1
Total liabilities	$146.5	$—	$145.8	$0.7	$288.5	$—	$218.4	$70.1

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

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

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

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Balance at beginning of period	$72.2	$99.9	$70.1	$105.3
Remeasurement adjustment	0.7	9.1	2.0	9.1
Payment	(72.5)	(57.3)	(72.5)	(57.3)
Foreign currency translation adjustment	0.3	(1.2)	1.1	(6.6)
Balance at end of period	$0.7	$50.5	$0.7	$50.5

Fair value of debt—At June 30, 2014, 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 $800.1 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, 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 June 30, 2014, and December 31, 2013, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations or cash flows for the year ending December 31, 2014.

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NOTE 15. BUSINESS SEGMENT INFORMATION

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 June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Segment revenue				
Subsea Technologies	$1,328.6	$1,123.7	$2,530.6	$2,217.0
Surface Technologies	510.9	440.2	990.4	861.9
Energy Infrastructure	149.2	157.9	294.7	292.2
Other revenue [1] and intercompany eliminations	(3.4)	(13.9)	(6.0)	(17.2)
Total revenue	$1,985.3	$1,707.9	$3,809.7	$3,353.9
Income before income taxes:				
Segment operating profit:				
Subsea Technologies	$193.7	$120.2	$335.4	$217.6
Surface Technologies	79.2	57.3	167.1	114.6
Energy Infrastructure	18.2	21.7	33.7	33.8
Intercompany eliminations	—	0.2	(0.1)	—
Total segment operating profit	291.1	199.4	536.1	366.0
Corporate items:				
Corporate expense [2]	(16.8)	(12.5)	(31.7)	(22.8)
Other revenue [1] and other expense, net [3]	68.0	(31.5)	48.3	(48.5)
Net interest expense	(8.3)	(8.8)	(16.5)	(16.9)
Total corporate items	42.9	(52.8)	0.1	(88.2)
Income before income taxes attributable to FMC Technologies, Inc. [4]	$334.0	$146.6	$536.2	$277.8

(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.

(4) Excludes amounts attributable to noncontrolling interests.

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Segment operating capital employed and assets were as follows:

(In millions)	June 30, 2014	December 31, 2013
Segment operating capital employed [1]:		
Subsea Technologies	$2,302.1	$2,126.3
Surface Technologies	1,169.1	1,139.1
Energy Infrastructure	346.6	345.4
Total segment operating capital employed	3,817.8	3,610.8
Segment liabilities included in total segment operating capital employed [2]	2,266.8	2,272.8
Corporate [3]	669.4	722.0
Total assets	$6,754.0	$6,605.6
Segment assets:		
Subsea Technologies	$4,102.2	$3,923.6
Surface Technologies	1,532.2	1,484.0
Energy Infrastructure	483.6	496.4
Intercompany eliminations	(33.4)	(20.4)
Total segment assets	6,084.6	5,883.6
Corporate [3]	669.4	722.0
Total assets	$6,754.0	$6,605.6

(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 the fundamentals of the global oil and gas market for the remainder of 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 increase in 2014 and 2015. As a result and absent any unexpected events related to the geopolitical circumstances in key oil-producing regions, we currently expect crude oil prices to remain at a level that supports exploration and production activity.

Our strong subsea project backlog as of June 30, 2014, 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 throughout 2014. Our customers continue to focus on field development costs and lead times and are seeking solutions from subsea suppliers that will improve their productivity and return on investment, including investments in ageing fields. We have standardized many aspects of subsea development which has helped several of our customers achieve high returns on some of the most challenging deepwater projects and accelerate first oil production. Our comprehensive portfolio of subsea products and technology, along with our valued customer alliances, position us to implement an integrated subsea standard which will assist our customers subsea developments. Our subsea services business will support the growing installed base of subsea wells, ageing subsea fields, and the future of offshore developments.

Regarding our surface technologies portfolio, the slowdown that began in the North American surface market in 2012, resulting from oversupply of equipment and lower natural gas prices, led to curtailed fracturing capacity expansion throughout most of 2013. In the first half of 2014, North American surface orders began to recover and benefited our operating results in the first half of the year. We have increased levels of confidence in the outlook of the North American market for the latter half of 2014 which we expect to improve our operational performance for the full year. We continue to undertake several initiatives to integrate our North American surface wellhead and completion service businesses to strengthen our market presence and service offerings which we believe will bring increased value to our customers.

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

	Three Months Ended June 30,		Change	
(In millions, except %)	2014	2013	$	%
Revenue	$1,985.3	$1,707.9	277.4	16.2
Costs and expenses:				
Cost of sales	1,507.8	1,350.1	157.7	11.7
Selling, general and administrative expense	188.4	172.1	16.3	9.5
Research and development expense	29.4	29.2	0.2	0.7
Total costs and expenses	1,725.6	1,551.4	174.2	11.2
Gain on sale of Material Handling Products	85.6	—	85.6	*
Other income (expense), net	(1.6)	0.2	(1.8)	*
Net interest expense	(8.3)	(8.8)	0.5	5.7
Income before income taxes	335.4	147.9	187.5	126.8
Provision for income taxes	107.7	41.4	66.3	160.1
Net income	227.7	106.5	121.2	113.8
Net income attributable to noncontrolling interests	(1.4)	(1.3)	(0.1)	(7.7)
Net income attributable to FMC Technologies, Inc.	$226.3	$105.2	121.1	115.1

* Not meaningful

Revenue increased by $277.4 million in the second quarter of 2014 compared to the prior-year quarter. Revenue in the second quarter of 2014 included a $25.6 million unfavorable impact of foreign currency translation. The impact of the strong backlog entering 2014 and volume growth in our subsea services, particularly in the Gulf of Mexico, led to increased Subsea Technologies revenue year-over-year. Surface Technologies posted higher revenue during the second quarter of 2014 primarily due to increased sales of conventional wellhead systems in our international surface wellhead businesses and increased demand for our well service pumps and flowline products in our fluid control business.

Gross profit (revenue less cost of sales) increased as a percentage of sales to 24.1% in the second quarter of 2014, from 20.9% in the prior-year quarter. The improvement in gross profit as a percentage of sales was primarily due to our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico. Additionally, Surface Technologies posted higher gross profit due to increased sales of conventional wellhead systems in our international surface wellhead business and increased demand for our well service pumps and flowline products in our fluid control business.

Selling, general and administrative expense increased $16.3 million year-over-year, resulting from costs associated with terminating a representative agreement, higher subsea project tendering costs, and bonus accruals.

During the second quarter of 2014, we recognized an $85.6 million gain on the sale of our Material Handling Products business. Further information of the sale is incorporated herein by reference from Note 4 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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Our income tax provisions for the second quarter of 2014 and 2013 reflected effective tax rates of 32.2% and 28.2%, respectively. The increase in our effective tax rate was primarily due to changes in U.S. and Norwegian tax law effective from 2014, an unfavorable change in the forecasted country mix of earnings and the tax impact related to the gain on sale of the Material Handling Products business. 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 $1,579 million at June 30, 2014. We would need to accrue and pay U.S. tax on such undistributed earnings if these funds were repatriated. We have no current intention to repatriate these earnings.

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OPERATING RESULTS OF BUSINESS SEGMENTS
THREE MONTHS ENDED JUNE 30, 2014 AND 2013

	Three Months Ended June 30,		Favorable/(Unfavorable)	
(In millions, except %)	2014	2013	$	%
Revenue				
Subsea Technologies	$1,328.6	$1,123.7	204.9	18.2
Surface Technologies	510.9	440.2	70.7	16.1
Energy Infrastructure	149.2	157.9	(8.7)	(5.5)
Other revenue and intercompany eliminations	(3.4)	(13.9)	10.5	*
Total revenue	$1,985.3	$1,707.9	277.4	16.2
Net income				
Segment operating profit				
Subsea Technologies	$193.7	$120.2	73.5	61.1
Surface Technologies	79.2	57.3	21.9	38.2
Energy Infrastructure	18.2	21.7	(3.5)	(16.1)
Intercompany eliminations	—	0.2	(0.2)	*
Total segment operating profit	291.1	199.4	91.7	46.0
Corporate items				
Corporate expense	(16.8)	(12.5)	(4.3)	(34.4)
Other revenue and other expense, net	68.0	(31.5)	99.5	315.9
Net interest expense	(8.3)	(8.8)	0.5	5.7
Total corporate items	42.9	(52.8)	95.7	181.3
Income before income taxes	334.0	146.6	187.4	127.8
Provision for income taxes	107.7	41.4	(66.3)	(160.1)
Net income attributable to FMC Technologies, Inc.	$226.3	$105.2	121.1	115.1

* 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 $204.9 million year-over-year. Revenue for the second quarter of 2014 included a $25.0 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by $229.9 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period and the rates of backlog conversion. Our subsea revenue increase year-over-year was led by our Western Region business from project backlog conversion as well as increased volumes in subsea services, particularly in the Gulf of Mexico. We entered 2014 with solid subsea backlog and continued to have strong subsea systems and service order activity during the second quarter of 2014.

Subsea Technologies operating profit in the second quarter of 2014 totaled $193.7 million, or 14.6% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 10.7%. The margin improvement was primarily driven by our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services particularly in the Gulf of Mexico and from headcount reductions and operational improvements made in our Eastern Region subsea business. Operating profit for the second quarter of 2014 included a $3.9 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased $70.7 million year-over-year. The increase in revenue was primarily driven by our international surface wellhead businesses due to conventional wellhead system sales and our fluid control business from increased demand for our well service pumps and flowline products in the second quarter of 2014.

Surface Technologies operating profit in the second quarter of 2014 totaled $79.2 million, or 15.5% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 13.0%. The margin improvement was primarily driven by the following:

- Fluid Control - 1.5 percentage point increase due to increased volumes in our well service pumps and flowline products resulting from improvements in the North American shale markets;
- Surface Wellhead - 0.8 percentage point increase due to strong sales growth in the Asia Pacific region from higher margin projects; and
- Completion Services - 0.5 percentage point increase due to increased wireline and flowback volumes primarily in the United States.

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Energy Infrastructure

Energy Infrastructure revenue decreased $8.7 million year-over-year. The decrease was driven by the sale of our Material Handling Products business early in the second quarter of 2014, partially offset by increased volumes in our loading systems and separations system businesses.

Energy Infrastructure operating profit in the second quarter of 2014 totaled $18.2 million, or 12.2% of revenue, compared to the prior-year quarter's operating profit as a percentage of revenue of 13.7%. The margin decline was primarily driven by the following:

- Material Handling - 1.7 percentage point decrease due to the sale of our Material Handling Products business early in the second quarter of 2014;
- Measurement Solutions - 1.4 percentage point decrease due to increased project costs and higher headcount; and
- Separation Systems - 1.5 percentage point increase due to improved execution on higher margin projects.

Corporate Items

Our corporate items increased earnings $42.9 million in the second quarter of 2014 and reduced earnings $52.8 million in the second quarter of 2013. The year-over-year change primarily reflected the following:

- favorable variance related to the gain on sale of our Material Handling Products business of $85.6 million;
- favorable variance of $8.5 million related to a larger remeasurement of the Multi Phase Meters earn-out consideration in the second quarter of 2013; and an
- unfavorable variance related to higher corporate staff expenses of $4.3 million.

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CONSOLIDATED RESULTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2014 AND 2013

	Six Months Ended June 30,		Change	
(In millions, except %)	2014	2013	$	%
Revenue	$3,809.7	$3,353.9	455.8	13.6
Costs and expenses:				
Cost of sales	2,911.3	2,657.3	254.0	9.6
Selling, general and administrative expense	371.2	342.9	28.3	8.3
Research and development expense	54.7	57.7	(3.0)	(5.2)
Total costs and expenses	3,337.2	3,057.9	279.3	9.1
Gain on sale of Material Handling Products	85.6	—	85.6	*
Other income (expense), net	(2.7)	1.2	(3.9)	*
Net interest expense	(16.5)	(16.9)	0.4	2.4
Income before income taxes	538.9	280.3	258.6	92.3
Provision for income taxes	174.7	70.2	104.5	148.9
Net income	364.2	210.1	154.1	73.3
Net income attributable to noncontrolling interests	(2.7)	(2.5)	(0.2)	(8.0)
Net income attributable to FMC Technologies, Inc.	$361.5	$207.6	153.9	74.1

* Not meaningful

Revenue increased by $455.8 million in the first half of 2014 compared to the prior-year. Revenue in the first half of 2014 included a $101.8 million unfavorable impact of foreign currency translation. The impact of the strong backlog entering 2014 and volume growth in our subsea services, particularly in the Gulf of Mexico, led to increased Subsea Technologies revenue year-over-year. Surface Technologies posted higher revenue during the first half of 2014 primarily due to increased sales of conventional wellhead systems in our international surface wellhead business and increased demand for our well service pumps and flowline products in our fluid control business.

Gross profit (revenue less cost of sales) increased as a percentage of sales to 23.6% in the first half of 2014, from 20.8% in the prior-year. The improvement in gross profit as a percentage of sales was primarily due to our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico. Additionally, Surface Technologies posted higher gross profit due to increased sales of conventional wellhead systems in our international surface wellhead businesses and increased demand for our well service pumps and flowline products in our fluid control business.

Selling, general and administrative expense increased $28.3 million year-over-year, resulting from severance charges taken in our Eastern Region subsea business, higher project tendering costs, and commissions.

During the second quarter of 2014, we recognized an $85.6 million gain on the sale of our Material Handling Products business. Further information of the sale is incorporated herein by reference from Note 4 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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Our income tax provisions for the first half of 2014 and 2013 reflected effective tax rates of 32.6% and 25.3%, respectively. Excluding a retroactive benefit related to the American Taxpayer Relief Act of 2012 recorded in the first quarter of 2013, our effective tax rate for the first half of 2013 was 27.7%. The year-over-year increase from this adjusted rate was primarily due to changes in U.S. and Norwegian tax law effective from 2014 and an unfavorable change in the forecasted country mix of earnings. 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 $1,579 million at June 30, 2014. We would need to accrue and pay U.S. tax on such undistributed earnings if these funds were repatriated. We have no current intention to repatriate these earnings.

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OPERATING RESULTS OF BUSINESS SEGMENTS
SIX MONTHS ENDED JUNE 30, 2014 AND 2013

	Six Months Ended June 30,		Favorable/(Unfavorable)	
(In millions, except %)	2014	2013	$	%
Revenue				
Subsea Technologies	$2,530.6	$2,217.0	313.6	14.1
Surface Technologies	990.4	861.9	128.5	14.9
Energy Infrastructure	294.7	292.2	2.5	0.9
Other revenue and intercompany eliminations	(6.0)	(17.2)	11.2	*
Total revenue	$3,809.7	$3,353.9	455.8	13.6
Net income				
Segment operating profit				
Subsea Technologies	$335.4	$217.6	117.8	54.1
Surface Technologies	167.1	114.6	52.5	45.8
Energy Infrastructure	33.7	33.8	(0.1)	(0.3)
Intercompany eliminations	(0.1)	—	(0.1)	*
Total segment operating profit	536.1	366.0	170.1	46.5
Corporate items				
Corporate expense	(31.7)	(22.8)	(8.9)	(39.0)
Other revenue and other expense, net	48.3	(48.5)	96.8	199.6
Net interest expense	(16.5)	(16.9)	0.4	2.4
Total corporate items	0.1	(88.2)	88.3	100.1
Income before income taxes	536.2	277.8	258.4	93.0
Provision for income taxes	174.7	70.2	(104.5)	(148.9)
Net income attributable to FMC Technologies, Inc.	$361.5	$207.6	153.9	74.1

* 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 $313.6 million year-over-year. Revenue for the first half of 2014 included a $93.9 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue increased by $407.5 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period and the rates of backlog conversion. Our subsea revenue increase year-over-year was led by our Western Region business from project backlog conversion as well as increased volumes in subsea services, particularly in the Gulf of Mexico. We entered 2014 with solid subsea backlog and continued to have strong subsea systems and service order activity during the first half of 2014, including a subsea systems order with a potential value of $720 million for Eni's Jangkrik project and a subsea systems order with an estimated value of $322 million for BP's Shah Deniz Stage 2 project.

Subsea Technologies operating profit in the first half of 2014 totaled $335.4 million, or 13.3% 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 our Western Region subsea business from higher margin project backlog conversion and higher volumes in subsea services, particularly in the Gulf of Mexico. Operating profit for the first half of 2014 included a $13.1 million unfavorable impact of foreign currency translation.

Surface Technologies

Surface Technologies revenue increased $128.5 million year-over-year. The increase in revenue was primarily driven by our international surface wellhead businesses due to conventional wellhead system sales and our fluid control business from increased demand for our well service pumps and flowline products in the first half of 2014.

Surface Technologies operating profit in the first half of 2014 totaled $167.1 million, or 16.9% of revenue, compared to the prior-year's operating profit as a percentage of revenue of 13.3%. The margin improvement was primarily driven by the following:

- Surface Wellhead - 1.9 percentage point increase due to strong sales growth in the Asia Pacific region from higher margin projects; and
- Fluid Control - 1.8 percentage point increase due to increased volumes in our well service pumps and flowline products resulting from improvements in the North American shale markets.

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Energy Infrastructure

Energy Infrastructure revenue increased $2.5 million year-over-year. The increase was driven by increased activity in the U.S. shale markets in our measurement solutions business and increased revenue on the Shell Prelude project in our loading systems business, partially offset by the sale of our Material Handling Products business early in the second quarter of 2014.

Energy Infrastructure operating profit in the first half of 2014 totaled $33.7 million, or 11.4% of revenue, compared to the prior-year's operating profit as a percentage of revenue of 11.5%. The margin decline was primarily driven by the following:

- Material Handling - 1.1 percentage point decrease due to the sale of our Material Handling Products business early in the second quarter of 2014; and
- Separation Systems - 1.0 percentage point increase due to higher volumes related to increased activity in Brazil and Africa.

Corporate Items

Our corporate items increased earnings $0.1 million in the first half of 2014 and reduced earnings $88.2 million in the first half of 2013. The year-over-year change in corporate items primarily reflected the following:

- favorable variance related to the gain on sale of our Material Handling Products business of $85.6 million;
- favorable variance of $10.1 million related to lower amortization of pension actuarial losses resulting from a lower discount rate;
- favorable variance of $7.1 million related to a larger remeasurement of the Multi Phase Meters earn-out consideration in the first half of 2013; and an
- unfavorable variance related to higher corporate staffing expenses of $8.9 million.

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Inbound Orders and Order Backlog

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

	Inbound Orders			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2014	2013	2014	2013
Subsea Technologies	$850.1	$2,562.2	$2,768.9	$3,756.4
Surface Technologies	501.6	501.1	1,028.9	949.9
Energy Infrastructure	108.0	145.9	249.3	278.7
Intercompany eliminations and other	(7.0)	(14.3)	(7.0)	(25.7)
Total inbound orders	$1,452.7	$3,194.9	$4,040.1	$4,959.3

Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Translation positively affected backlog by $25.7 million and $106.8 million for the three and six months ended June 30, 2014, respectively, and negatively affected backlog by $193.5 million and $262.9 million for the three and six months ended June 30, 2013, respectively.

	Order Backlog		
(In millions)	June 30, 2014	December 31, 2013	June 30, 2013
Subsea Technologies	$6,337.3	$5,988.8	$5,866.3
Surface Technologies	779.2	742.4	581.8
Energy Infrastructure	241.6	288.4	281.2
Intercompany eliminations	(22.7)	(21.4)	(9.0)
Total order backlog	$7,335.4	$6,998.2	$6,720.3

Order backlog for Subsea Technologies at June 30, 2014, increased by $348.5 million compared to December 31, 2013. Subsea Technologies backlog of $6.3 billion at June 30, 2014, was composed of various subsea projects, including BP's Mad Dog Phase 2 and Shah Deniz Stage 2; Chevron's Wheatstone; CNR International's Baobab Field Phase 3; Eni's Jangkrik; ExxonMobil's Hibernia Southern Extension and Julia; Petrobras' tree frame agreement and pre-salt tree and manifold award; Shell's BC-10 Phase 3; Statoil's Snorre B Platform Workover System; Total's Egina; and Tullow Ghana's TEN.

Surface Technologies order backlog at June 30, 2014, increased by $36.8 million compared to December 31, 2013. The increase was due to strong inbound orders in our Asia Pacific wellhead business and in our fluid control business.

Energy Infrastructure order backlog at June 30, 2014, decreased by $46.8 million compared to December 31, 2013, driven primarily by a decrease in backlog in our loading systems, material handling and measurement solutions businesses.

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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)	June 30, 2014	December 31, 2013
Cash and cash equivalents	$382.2	$399.1
Short-term debt and current portion of long-term debt	(20.8)	(42.5)
Long-term debt, less current portion	(1,289.0)	(1,329.8)
Net debt	$(927.6)	$(973.2)

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

Cash Flows

We generated $235.8 million and $271.6 million in cash flows from operating activities during the six months ended June 30, 2014 and 2013, respectively. The decrease 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 a payment related to the Multi Phase Meters earn-out obligation, partially offset by higher income from operations. Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts. During the first six months of 2013, we received a higher amount of advance payments related to projects as compared to first six months of 2014.

Investing activities used $70.8 million and $154.0 million in cash flows during the six months ended June 30, 2014 and 2013, respectively. The change in cash flows from investing activities was due to proceeds from the sale of the Material Handling Products business, partially offset by increased capital expenditures to fund our investment in subsea capacity expansion in the first half of 2014.

Financing activities used $182.3 million and $189.2 million in cash flows during the six months ended June 30, 2014 and 2013, respectively. The change in cash flows from financing activities was due a larger reduction in our short- and long-term debt position in the first six months of 2013, partially offset by increased treasury stock repurchases during the first six months of 2014.

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Debt and Liquidity

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

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

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding [a]	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$1,500.0	$—	$457.9	$6.0	$1,036.1	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 $457.9 million of commercial paper issued under our facility at June 30, 2014. As we had both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term in the accompanying condensed consolidated balance sheets at June 30, 2014. As of June 30, 2014, we were in compliance with all restrictive covenants under our revolving credit facility.

Credit Risk Analysis

Valuations of derivative assets and liabilities reflect the value of the instruments, including the values associated with counterparty risk. These values must also take into account our credit standing, thus including in the valuation of the derivative instrument the value of the net credit differential between the counterparties to the derivative contract. Our methodology includes the impact of both counterparty and our own credit standing. Adjustments to our derivative assets and liabilities related to credit risk were not material for any period presented. Additional information about credit risk is incorporated herein by reference from Note 12 to our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q.

Outlook

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

We project spending approximately $400 million in 2014 for capital expenditures, largely towards our subsea expansion and related growth of our subsea service offerings. During the remainder of 2014, we expect to make contributions of approximately $1.0 million and $5.5 million to our domestic and international pension plans, respectively. Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory environments and other economic factors. We update our pension estimates annually during the fourth quarter or more frequently upon the occurrence of significant events. Further, we expect to continue our stock repurchases authorized by our Board of Directors, with the timing and amounts of these repurchases dependent upon market conditions and liquidity.

We have $1,036.1 million of capacity available under our revolving credit facility that we expect to utilize if working capital needs temporarily increase in response to market demand. We continue to evaluate acquisitions, divestitures and joint ventures that meet our strategic priorities. Our intent is to maintain a level of financing sufficient to meet these objectives.

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CRITICAL ACCOUNTING ESTIMATES

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

OTHER MATTERS

During the second quarter of 2014, the Company received an inquiry and a subpoena from the SEC seeking information about certain accruals for paid time off ("PTO") during the first quarter of 2013. The Company has cooperated and fully responded to the requests for information. The inquiry is with regard to the reversal of an accrual for PTO that caused the liability for PTO to be understated for the quarter ended March 31, 2013. During the second quarter of 2013, the Company identified and corrected the understatement of the PTO liability and assessed and concluded that the correction was not material ($0.6 million, net of tax) to the Company's consolidated financial statements for the quarters ended March 31 and June 30, 2013, respectively. The Company discussed the matter with its independent registered public accounting firm and the Company's Audit Committee.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This update requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU will supersede most existing GAAP related to revenue recognition and will supersede some cost guidance in existing GAAP related to construction-type and production-type contract accounting. Additionally, the ASU will significantly increase disclosures related to revenue recognition. The amendments in the ASU are effective for the Company on January 1, 2017. Early application is not permitted. Entities are permitted to apply the amendments either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Company has not determined the method to be utilized upon adoption. The impacts that adoption of the ASU is expected to have on the Company's consolidated financial statements and related disclosures are being evaluated. Additionally, the Company has not determined the effect of the ASU on its internal control over financial reporting or other changes in business practices and processes. 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, 2013, for quantitative and qualitative disclosures about market risk. There have been no material changes in our exposures to market risk since December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

As of June 30, 2014, and under the direction of our principal executive officer and principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, we have concluded as of June 30, 2014, 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 June 30, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over

financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

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PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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, 2013.

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

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

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

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)]
April 1, 2014—April 30, 2014	228,000	$53.47	216,500	11,772,375
May 1, 2014—May 31, 2014	143,500	$56.29	135,600	11,636,775
June 1, 2014—June 30, 2014	118,500	$59.13	118,500	11,518,275
Total	490,000	$55.67	470,600	11,518,275

(a) Represents 470,600 shares of common stock repurchased and held in treasury and 19,400 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 51,370 shares of registered common stock held in this trust, as directed by the beneficiaries during the three months ended June 30, 2014.

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

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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 June 30, 2014.

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SIGNATURE

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

FMC Technologies, Inc.
(Registrant)

/s/ Jay A. Nutt
Jay A. Nutt
Vice President and Controller
(Chief Accounting Officer and a Duly Authorized Officer)
Date: July 25, 2014

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INDEX OF EXHIBITS

Exhibit No.	Exhibit Description
2.1	Separation and Distribution Agreement by and between FMC Corporation and FMC Technologies, Inc., dated as of May 31, 2001 (incorporated by reference from Exhibit 2.1 to the Form S-1/A filed on June 6, 2001) (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 3.1 to the Current Report on Form 8-K filed on December 11, 2013) (File No. 001-16489).
4.1	Form of Specimen Certificate for the Company's Common Stock (incorporated by reference from Exhibit 4.1 to the Form S-1/A filed on May 4, 2001) (File No. 333-55920).
4.2	Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.a	First Supplemental Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.2 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.b	Form of 2.00% Senior Notes due 2017 (incorporated by reference from Exhibit 4.3 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.c	Second Supplemental Indenture, dated September 21, 2012 between FMC Technologies, Inc. and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.4 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
4.2.d	Form of 3.45% Senior Notes due 2022 (incorporated by reference from Exhibit 4.5 to the Current Report on Form 8-K filed on September 25, 2012) (File No. 001-16489).
10.1	FMC Technologies, Inc. Frozen Retirement Plan, effective June 1, 2014.
10.2	Second Amendment of Amended and Restated FMC Technologies, Inc. Employees' Retirement Program Part I Salaries and Nonunion Hourly Employees' Retirement Plan, effective June 1, 2014.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1 *	Certification of Chief Executive Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
32.2 *	Certification of Chief Financial Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.

101.CAL XBRL Calculation Linkbase Document.
101.DEF XBRL Definition Linkbase Document.
101.LAB XBRL Label Linkbase Document.
101.PRE XBRL Presentation Linkbase Document.
* Furnished with this Quarterly Report on Form 10-Q