

FORUM ENERGY TECHNOLOGIES, INC.

Form DEF 14A

April 02, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Exchange Act Rule 14a-12

FORUM ENERGY TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

2019 PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

LETTER FROM THE CHAIRMAN OF THE BOARD TO OUR STOCKHOLDERS

April 2, 2019

Dear Fellow Stockholders:

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

Overview:

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

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

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

Alignment of Compensation and Performance:

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

Executive Team Succession:

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

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

Looking Ahead:

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

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

Sincerely,

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

FORUM ENERGY TECHNOLOGIES, INC.

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

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

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

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

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

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

By order of the Board of Directors,

John C. Ivascu
Secretary

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

IMPORTANT INFORMATION REGARDING THE ANNUAL MEETING OF STOCKHOLDERS

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

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

PROXY STATEMENT
FOR
2019 ANNUAL MEETING OF STOCKHOLDERS

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

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

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

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

QUORUM, VOTE REQUIRED AND REVOCATION OF PROXIES

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

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

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

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

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

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

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

Proposal 1: “FOR ALL”;

Proposal 2: “FOR”;

Proposal 3: “FOR”;

Proposal 4: “1 YEAR”; and

Proposal 5: “FOR”.

COST AND METHOD OF PROXY SOLICITATION

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

SECURITY OWNERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PROPOSAL 1: ELECTION OF DIRECTORS

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

Nominees for Election

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

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

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

Vote Required and Board Recommendation

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

DIRECTOR QUALIFICATIONS

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

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

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

OUR DIRECTORS

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

Nominees Class I Directors

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

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

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

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

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

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

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

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

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

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

Class II Directors

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

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

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

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

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

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

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

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

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

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

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

Class III Directors

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

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

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

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

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

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

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

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

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

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

DIRECTOR COMPENSATION

Generally

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

Directors' fees

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

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

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

Director equity-based compensation

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

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

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

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

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

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

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

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

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

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

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

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

Director deferred compensation

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

CORPORATE GOVERNANCE

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

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

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

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

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

Protecting our assets and those of our customers;

Fostering a safe and healthy work environment;

Dealing fairly with customers and other third parties;

Conducting international business properly;

Reporting misconduct; and

Guarding employees from harassment and retaliation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental and Social Commitment.

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

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

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

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

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

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

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

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

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

Organization of the Committees of the Board of Directors

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

The integrity of our financial statements;

Our compliance with legal and regulatory requirements;

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

The effectiveness and performance of our internal audit function.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The principal occupation or employment of the nominee;

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

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

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

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

CONFLICTS OF INTEREST AND RELATED PERSON TRANSACTIONS

Procedures for approval of related person transactions

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

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

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

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

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

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

SCF Registration Rights Agreement

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

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