UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2016

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	**36-4412642**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5875 N. Sam Houston Parkway W., Houston, Texas	**77086**
(Address of principal executive offices)	**(Zip Code)**

(281) 591-4000
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐

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

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

Class	Outstanding at October 24, 2016
Common Stock, par value $0.01 per share	**225,702,027**

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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 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words "believe," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could," "may," "estimate," "outlook" and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve risks and uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to differ materially from those contemplated in the forward-looking statements include those set forth in Part II, Item 1A, "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as the following:

- Demand for our products 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 products;
- 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 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;
- 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;
- Deterioration in future expected profitability or cash flows and its effect on our goodwill;
- Downgrade in the ratings of our debt could restrict our ability to access the debt capital markets;
- Continuing consolidation within our industry; and
- Our dependence on the continuing services of certain of our key managers and employees.

We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	**2016**	**2015**	**2016**	**2015**
Revenue:				
Product revenue	$ 875.9	$ 1,207.9	$ 2,754.7	$ 3,936.7
Service revenue	165.9	268.5	548.2	790.7
Lease and other income (Note 8)	49.4	68.6	147.3	208.0
Total revenue	1,091.2	1,545.0	3,450.2	4,935.4
Costs and expenses:				
Cost of product revenue	681.3	924.2	2,134.6	3,008.1
Cost of service revenue	116.8	196.7	429.1	596.7
Cost of lease and other revenue	48.6	53.0	136.6	148.7
Selling, general and administrative expense	132.9	144.3	430.0	482.6
Research and development expense	23.3	25.9	89.5	91.7
Restructuring and impairment expense (Note 5)	23.8	78.1	75.4	98.2
Merger transaction and integration costs (Note 2)	11.6	—	30.6	—
Total costs and expenses	1,038.3	1,422.2	3,325.8	4,426.0
Other expense, net	(8.7)	(12.7)	(29.4)	(34.1)
Income before net interest expense and income taxes	44.2	110.1	95.0	475.3
Net interest expense	(7.7)	(8.1)	(22.8)	(24.4)
Income from continuing operations before income taxes	36.5	102.0	72.2	450.9
Provision (benefit) for income taxes (Note 13)	(9.5)	19.5	9.0	112.3
Income from continuing operations	46.0	82.5	63.2	338.6
Loss from discontinued operations, net of income taxes (Note 6)	(14.0)	—	(14.0)	—
Net income	32.0	82.5	49.2	338.6
Net (income) loss attributable to noncontrolling interests	0.3	(0.5)	0.4	(1.1)
Net income attributable to FMC Technologies, Inc.	$ 32.3	$ 82.0	$ 49.6	$ 337.5
Net income attributable to FMC Technologies, Inc.:				
Income from continuing operations	$ 46.3	$ 82.0	$ 63.6	$ 337.5
Loss from discontinued operations	(14.0)	—	(14.0)	—
Net income attributable to FMC Technologies, Inc.	$ 32.3	$ 82.0	$ 49.6	$ 337.5
Basic earnings per share attributable to FMC Technologies, Inc. (Note 4):				
Income from continuing operations	$ 0.20	$ 0.36	$ 0.28	$ 1.46
Loss from discontinued operations	(0.06)	—	(0.06)	—
Basic earnings per share	$ 0.14	$ 0.36	$ 0.22	$ 1.46
Diluted earnings per share attributable to FMC Technologies, Inc. (Note 4):				
Income from continuing operations	$ 0.20	$ 0.35	$ 0.28	$ 1.45
Loss from discontinued operations	(0.06)	—	(0.06)	—
Diluted earnings per share	$ 0.14	$ 0.35	$ 0.22	$ 1.45
Weighted average shares outstanding (Note 4):				
Basic	226.9	230.2	227.3	231.6
Diluted	228.2	231.0	228.5	232.5

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

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

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net income	$ 32.0	$ 82.5	$ 49.2	$ 338.6
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments [1]	(3.2)	(110.3)	54.6	(184.6)
Net gains (losses) on hedging instruments:				
Net gains (losses) arising during the period	1.7	(33.3)	16.8	(50.5)
Reclassification adjustment for net losses included in net income	13.3	11.5	41.7	44.6
Net gains (losses) on hedging instruments [2]	15.0	(21.8)	58.5	(5.9)
Pension and other post-retirement benefits:				
Reclassification adjustment for settlement losses included in net income	1.1	1.2	1.1	1.2
Reclassification adjustment for amortization of prior service cost included in net income	0.1	0.1	0.5	0.1
Reclassification adjustment for amortization of net actuarial loss included in net income	4.3	5.2	12.8	15.9
Net pension and other post-retirement benefits [3]	5.5	6.5	14.4	17.2
Other comprehensive income (loss), net of tax	17.3	(125.6)	127.5	(173.3)
Comprehensive income (loss)	49.3	(43.1)	176.7	165.3
Comprehensive (income) loss attributable to noncontrolling interest	0.3	(0.5)	0.4	(1.1)
Comprehensive income (loss) attributable to FMC Technologies, Inc.	$ 49.6	$ (43.6)	$ 177.1	$ 164.2

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(1) Net of income tax (expense) benefit of $0.3 and nil for the three months ended September 30, 2016 and 2015, respectively, and $0.7 and $6.8 for the nine months ended September 30, 2016 and 2015, respectively.

(2) Net of income tax (expense) benefit of $(4.9) and $5.5 for the three months ended September 30, 2016 and 2015, respectively, and $(16.0) and $1.9 for the nine months ended September 30, 2016 and 2015, respectively.

(3) Net of income tax (expense) benefit of $(2.6) and $(3.1) for the three months ended September 30, 2016 and 2015, respectively, and $(6.5) and $(8.1) for the nine months ended September 30, 2016 and 2015, respectively.

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

FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except par value data)	September 30, 2016 (Unaudited)	December 31, 2015 As Adjusted
Assets		
Cash and cash equivalents	$ 1,074.2	$ 916.2
Trade receivables, net of allowances of $17.2 in 2016 and $19.2 in 2015	681.0	884.0
Costs in excess of billings	638.9	638.4
Inventories, net (Note 7)	641.6	764.1
Derivative financial instruments (Note 16)	128.3	333.9
Prepaid expenses	43.4	48.9
Income taxes receivable	71.9	68.7
Other current assets	223.0	276.0
Total current assets	3,502.3	3,930.2
Investments	26.4	29.6
Property, plant and equipment, net of accumulated depreciation of $993.9 in 2016 and $892.1 in 2015	1,309.6	1,371.5
Goodwill	523.9	514.7
Intangible assets, net of accumulated amortization of $158.7 in 2016 and $139.9 in 2015	225.0	246.3
Deferred income taxes	192.6	183.3
Derivative financial instruments (Note 16)	6.5	0.1
Other assets	177.4	143.7
Total assets	$ 5,963.7	$ 6,419.4
Liabilities and equity		
Short-term debt and current portion of long-term debt	$ 19.0	$ 21.9
Accounts payable, trade	375.3	519.3
Advance payments	400.5	464.1
Billings in excess of costs	110.4	200.5
Accrued payroll	173.0	185.8
Derivative financial instruments (Note 16)	205.6	516.9
Income taxes payable	42.8	57.2
Other current liabilities	319.4	339.6
Total current liabilities	1,646.0	2,305.3
Long-term debt, less current portion (Note 10)	1,245.1	1,134.1
Accrued pension and other post-retirement benefits, less current portion	152.1	230.4
Derivative financial instruments (Note 16)	10.7	0.5
Deferred income taxes	128.8	105.4
Other liabilities	87.1	100.5
Commitments and contingent liabilities (Note 11)		
Stockholders' equity (Note 12):		
Preferred stock, $0.01 par value, 12.0 shares authorized in 2016 and 2015; no shares issued in 2016 or 2015	—	—
Common stock, $0.01 par value, 600.0 shares authorized in 2016 and 2015; 286.3 shares issued in 2016 and 2015; 225.7 and 226.8 shares outstanding in 2016 and 2015, respectively	2.9	2.9
Common stock held in employee benefit trust, at cost; 0.2 shares in 2016 and 2015	(6.9)	(7.0)
Treasury stock, at cost; 60.4 and 59.4 shares in 2016 and 2015, respectively	(1,636.6)	(1,607.8)
Capital in excess of par value of common stock	764.1	759.0
Retained earnings	4,300.0	4,249.7
Accumulated other comprehensive loss	(745.2)	(872.7)
Total FMC Technologies, Inc. stockholders' equity	2,678.3	2,524.1
Noncontrolling interests	15.6	19.1
Total equity	2,693.9	2,543.2
Total liabilities and equity	$ 5,963.7	$ 6,419.4

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

FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,	
(In millions)	**2016**	**2015**
Cash provided (required) by operating activities:		
Net income	$ 49.2	$ 338.6
Adjustments to reconcile net income to cash provided (required) by operating activities:		
Depreciation	130.0	133.6
Amortization	51.1	48.9
Employee benefit plan and stock-based compensation costs	56.0	67.9
Unrealized loss on derivative instruments and foreign exchange	35.9	31.5
Deferred income tax provision (benefit)	(14.2)	30.6
Impairments (Note 5)	40.2	64.4
Other	53.9	34.8
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net and costs in excess of billings	240.4	181.3
Inventories, net	127.3	105.2
Accounts payable, trade	(155.7)	(140.6)
Advance payments and billings in excess of costs	(182.9)	(241.3)
Income taxes payable, net	(16.1)	(127.9)
Accrued pension and other post-retirement benefits, net	(67.3)	(20.4)
Other assets and liabilities, net	(112.4)	(5.6)
Cash provided by operating activities from continuing operations	235.4	501.0
Cash required by operating activities from discontinued operations (Note 6)	(8.1)	—
Cash provided by operating activities	227.3	501.0
Cash provided (required) by investing activities:		
Capital expenditures	(93.1)	(211.0)
Investments in joint ventures	(52.9)	(5.0)
Proceeds from sale of wireline assets	19.0	—
Other	6.8	4.3
Cash required by investing activities	(120.2)	(211.7)
Cash provided (required) by financing activities:		
Net increase in short-term debt	4.0	1.5
Net increase (decrease) in commercial paper	110.5	(8.0)
Repayments of long-term debt	(18.9)	(1.2)
Purchase of treasury stock	(54.8)	(148.0)
Acquisitions, payment of withheld purchase price	—	(9.6)
Payments related to taxes withheld on stock-based compensation	(8.6)	(8.8)
Other	(2.8)	(7.4)
Cash provided (required) by financing activities	29.4	(181.5)
Effect of exchange rate changes on cash and cash equivalents	21.5	(35.1)
Increase in cash and cash equivalents	158.0	72.7
Cash and cash equivalents, beginning of period	916.2	638.8
Cash and cash equivalents, end of period	$ 1,074.2	$ 711.5

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

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 financial 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, 2015.

We revised our current derivative financial instrument asset and liability balances as of December 31, 2015 to eliminate certain intercompany derivative transactions. As a result, our total financial position as of December 31, 2015 decreased by $38.0 million.

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 accompanying unaudited condensed consolidated financial 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 financial statements may not be representative of the results that may be expected for the year ending December 31, 2016.

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

NOTE 2. MERGER OF FMC TECHNOLOGIES AND TECHNIP

On June 14, 2016, FMC Technologies and Technip S.A. ("Technip") entered into a definitive business combination agreement providing for the business combination among FMC Technologies, FMC Technologies SIS Limited, a private limited company incorporated under the laws of England and Wales and a wholly owned subsidiary of FMC Technologies, and Technip. On August 4, 2016, FMC Technologies SIS Limited changed its name to TechnipFMC Limited. The business combination agreement was unanimously approved by the board of directors of both companies. The entry into the business combination agreement followed FMC Technologies' announcement on May 19, 2016, of its intention to enter into a business combination with Technip. At the effective completion of the merger, each issued and outstanding ordinary share of FMC Technologies and Technip, other than shares owned by each respective company or its subsidiaries, will be converted into the right to receive 1.0 and 2.0 ordinary shares of the new company, respectively.

Consummation of the merger is subject to customary closing conditions as specified in the business combination agreement, including but not limited to: (i) receipt of FMC Technologies and Technip stockholder approvals and (ii) clearance from certain competition and foreign investment authorities in the areas where the companies operate. Should FMC Technologies or Technip terminate the business combination agreement under specified circumstances, the terminating party would be required to pay the other party a termination fee equal to $250 million. The transaction is expected to close during the first quarter of 2017.

NOTE 3. NEW ACCOUNTING STANDARDS

Recently Adopted Accounting Standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting."* Among other amendments, this update requires that excess tax benefits or deficiencies be recognized as income tax expense or benefit in the income statement and eliminates the requirement to reclassify excess tax benefits and deficiencies from operating activities to financing activities in the statement of cash flows. This updated guidance also gives an entity the election to either (i) estimate the forfeiture rate of employee stock-based awards or (ii) account for forfeitures as they occur. We early adopted ASU No. 2016-09 as of January 1, 2016. Prospectively beginning January 1, 2016, tax deficiencies have been reflected as income tax expense in the accompanying condensed consolidated statement of income resulting in $0.9 million and $5.8 million of additional tax expense in the three and nine months ended September 30, 2016, respectively. We elected to retrospectively classify excess tax benefits and deficiencies as operating activity and these amounts, which were immaterial for all periods presented, are reflected in the income taxes payable, net line item in the accompanying condensed consolidated statement of cash flows. In addition, we elected to change our accounting policy to account for forfeitures in compensation cost as they occur. We believe this method is preferable as it better reflects actual stock-based compensation expense.

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. In August 2015, the FASB issued ASU No. 2015-14 which deferred the effective date of ASU No. 2014-09 by one year, and as a result, is now effective for us on January 1, 2018. In March 2016, the FASB issued ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, "Identifying Performance Obligations and Licensing" which gives further guidance on identifying performance obligations and clarification of the licensing implementation guidance. Early application is permitted to the original effective date of January 1, 2017. 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. During the third quarter of 2016, we completed the initial evaluation of the new standard and the related assessment and review of a representative sample of existing revenue contracts with our customers. We determined, on a preliminary basis, that although the timing and pattern of revenue recognition will remain largely unchanged, the analysis used to determine the timing and pattern of revenue recognition will differ. We also determined the primary impact of the adoption on our consolidated financial statements will be the additional required disclosures around revenue recognition in the notes to the consolidated financial statements. We have not determined the effect of the ASU on our internal control over financial reporting or other changes in business practices and processes but will do so in the design and implementation phase to occur over the next year.

In July 2015, the FASB issued ASU No. 2015-11, "*Simplifying the Measurement of Inventory*." This update requires in scope inventory to be measured at the lower of cost and net realizable value rather than at the lower of cost or market under existing guidance. The amendments in this ASU are effective for us on January 1, 2017. Early application is permitted. We are currently evaluating the impact of this ASU on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *"Leases."* This update requires that a lessee recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Similar to current guidance, the update continues to differentiate between finance leases and operating leases, however this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. The updated guidance leaves the accounting for leases by lessors largely unchanged from existing GAAP. Early application is permitted. Entities are required to use a modified retrospective adoption, with certain relief provisions, for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements when adopted. The guidance will become effective for us on January 1, 2019. The impacts that adoption of the ASU is expected to have on our consolidated financial statements and related disclosures are being evaluated. Additionally, we have not determined the effect of the ASU on our internal control over financial reporting or other changes in business practices and processes.

In October 2016, the FASB issued ASU No. 2016-16, *"Intra-Entity Transfers of Assets Other Than Inventory."* This update requires that income tax consequences are recognized on an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in this ASU are effective for us on January 1, 2018. Early application is permitted. We are currently evaluating the impact of this ASU on our consolidated financial statements.

Change in Accounting Principle

Effective January 1, 2016, we changed the method of valuing inventory for certain domestic inventories in our surface integrated services business from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method under GAAP. The cumulative effect, net of income taxes, of the change in accounting principle was approximately $12.3 million and was recorded as an increase to retained earnings as of January 1, 2013. The statements of income for the years ended December 31, 2013, 2014, and 2015, including interim periods therein, were not retroactively adjusted as the adjustment for each of the periods was not material. We believe the FIFO method is preferable as it better reflects the current value of inventory reported in the consolidated balance sheets, provides for better matching of costs of goods sold with related revenue, provides for greater consistency and uniformity across our operations with respect to the method of inventory valuation, and is the method used by management to monitor the financial results of the business for operational and financial planning.

NOTE 4. EARNINGS PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	**2016**	**2015**	**2016**	**2015**
Income from continuing operations attributable to FMC Technologies, Inc.	$ 46.3	$ 82.0	$ 63.6	$ 337.5
Weighted average number of shares outstanding	226.9	230.2	227.3	231.6
Dilutive effect of restricted stock units	1.3	0.8	1.2	0.9
Total shares and dilutive securities	228.2	231.0	228.5	232.5
Basic earnings per share from continuing operations attributable to FMC Technologies, Inc.	$ 0.20	$ 0.36	$ 0.28	$ 1.46
Diluted earnings per share from continuing operations attributable to FMC Technologies, Inc.	$ 0.20	$ 0.35	$ 0.28	$ 1.45

NOTE 5. RESTRUCTURING AND IMPAIRMENT EXPENSE

Restructuring and impairment expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2016**	**2015**	**2016**	**2015**
Restructuring expense:				
Subsea Technologies	$ 0.5	$ 14.6	$ 3.0	$ 20.7
Surface Technologies	13.8	1.6	21.6	8.7
Energy Infrastructure	1.1	1.7	3.0	4.4
Corporate and other	7.6	—	7.6	—
Total restructuring expense	23.0	17.9	35.2	33.8
Impairment expense:				
Subsea Technologies	0.5	2.2	2.8	2.6
Surface Technologies	0.3	58.0	36.2	61.8
Energy Infrastructure	—	—	—	—
Corporate and other	—	—	1.2	—
Total impairment expense	0.8	60.2	40.2	64.4
Total restructuring and impairment expense	$ 23.8	$ 78.1	$ 75.4	$ 98.2

Restructuring—As a result of the decline in crude oil prices and its effect on the demand for products and services in the oilfield services industry worldwide, beginning in 2015, we initiated a company-wide reduction in workforce and facility consolidation intended to reduce costs and better align our workforce with current and anticipated activity levels, which resulted in the continued recognition of severance costs relating to termination benefits and other restructuring charges.

Asset impairments—We conduct impairment tests on long-lived assets whenever events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition over the asset's remaining useful life. Our review of recoverability of the carrying value of our assets considers several assumptions including the intended use and service potential of the asset.

The prolonged downturn in the energy market and its corresponding impact on our business outlook led us to conclude the carrying amount of certain long-lived assets in our U.S. surface integrated services business exceeded their fair values. The low commodity price environment's impact on our outlook for revenue growth and profitability of our U.S. surface integrated services business led us to record impairment charges in our Surface Technologies segment during the nine months ended September 30, 2016. These asset impairments included impairment charges of our flowback plant, property and equipment and related customer relationships intangible assets of $12.4 million and $3.4 million, respectively, to record the assets to their combined fair value of $44.7 million as of March 31, 2016.

Also, we recorded impairment charges of $15.3 million and $2.8 million, to our wireline equipment and allocated goodwill, respectively, to record the assets to their combined fair value of $20.0 million as of March 31, 2016. The impairment charges, recorded in our Surface Technologies segment, include wireline operations in both the United States and Canada and relate to the sale of these assets. Refer to Note 6 for information related to the sale of these assets.

During the nine months ended September 30, 2015, we recorded impairment charges of $56.6 million to our wireline and flowback assets, customer relationships and related goodwill in our surface integrated services business in Canada. These impairment charges, recorded in our Surface Technologies segment, included charges against customer relationship intangible assets, wireline and flowback assets, and related goodwill in Canada.

NOTE 6. DISPOSITION OF BUSINESS AND DISCONTINUED OPERATIONS

Wireline Operations—On June 1, 2016, we completed the sale of property, plant, and equipment related to our wireline operations in our surface integrated services businesses in the United States and Canada to Reliance Oilfield Services, LLC. Results of operations related to our wireline operations were historically reported in our Surface Technologies segment. We recognized a $0.6 million loss on the sale during the nine months ended September 30, 2016.

Discontinued Operations—In 2007, the Algerian Tax Authority issued a notice of tax assessment against SOFEC Floating Systems, Inc. ("SOFEC") for calendar years 2003 through 2006. SOFEC, a former wholly-owned subsidiary of FMC Technologies, issued a protest in 2009 in response to the assessment, and during 2016, we were notified the tax assessment protest was officially rejected. During the period assessed, SOFEC engaged in a multi-year supply and installation project for Sonatrach, Algeria's national oil company. During the three months ended September 30, 2016, we expensed approximately $14.0 million, net of income taxes, related to this discontinued operation.

NOTE 7. INVENTORIES

Inventories consisted of the following:

(In millions)	September 30, 2016	December 31, 2015
		As Adjusted
Raw materials	$ 130.3	$ 149.9
Work in process	101.6	114.8
Finished goods	649.8	723.4
	881.7	988.1
LIFO and valuation adjustments	(240.1)	(224.0)
Inventories, net	$ 641.6	$ 764.1

NOTE 8. EQUITY METHOD INVESTMENTS

FTO Services—FMC Technologies Offshore, LLC ("FTO Services") is an affiliated company in the form of a joint venture between FMC Technologies and Edison Chouest Offshore LLC. We have accounted for our 50% investment using the equity method of accounting, and its results are reported in our Subsea Technologies segment. Additionally, debt obligations under a revolving credit facility of FTO Services were jointly and severally guaranteed by FMC Technologies and Edison Chouest Offshore LLC. Refer to Note 11 for additional information regarding the guarantee.

FTO Services experienced net losses since formation due to expenses related to startup of operations and as a result of the downturn in the oilfield services industry. We recognized $5.2 million and $12.0 million of losses from equity earnings in affiliates for the three months ended September 30, 2016 and 2015, respectively, and $22.5 million and $30.4 million of losses from equity earnings in affiliates for the nine months ended September 30, 2016 and 2015, respectively, which are included in lease and other income in the accompanying condensed consolidated statements of income. As of September 30, 2016, the carrying value of our equity method investment in FTO Services was $(5.3) million and is included as a component of other current liabilities in the accompanying condensed consolidated balance sheets. Due to market conditions, FMC Technologies and Edison Chouest Offshore LLC agreed during the third quarter of 2016 to dissolve FTO Services. As of September 30, 2016, substantially all activities related to the joint venture have ceased. As part of this dissolution, we performed under the revolving credit facility guarantee with joint and equal payments of the maximum potential amount made by FMC Technologies and Edison Chouest Offshore LLC.

Forsys Subsea—Forsys Subsea Limited ("Forsys Subsea") is an affiliated company in the form of a joint venture between FMC Technologies and Technip S.A. We have accounted for our 50% investment using the equity method of accounting, and its results are reported in our Subsea Technologies segment. Forsys Subsea has experienced net losses since formation due to expenses related to startup of operations and as a result of the downturn in the oilfield services industry. We recognized $3.9 million and $12.1 million of losses from equity earnings in affiliates for the three and nine months ended September 30, 2016, respectively, which are included in lease and other income in the accompanying consolidated statements of income.

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NOTE 9. GOODWILL

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

(In millions)	Subsea Technologies	Surface Technologies	Energy Infrastructure	Total
December 31, 2015	$ 357.4	$ 71.9	$ 85.4	$ 514.7
UCOS® product group transfer [1]	2.7	—	(2.7)	—
Impairment [2]	—	(2.8)	—	(2.8)
Translation	10.2	1.9	(0.1)	12.0
September 30, 2016	$ 370.3	$ 71.0	$ 82.6	$ 523.9

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(1) Beginning in the first quarter of 2016, UCOS® product group results are included in Subsea Technologies. Refer to Note 18 for additional disclosure.

(2) Refer to Note 5 for additional disclosure related to impairment of goodwill during the nine months ended September 30, 2016.

NOTE 10. DEBT

As of September 30, 2016, all outstanding amounts under our term loan were repaid.

Long-term debt consisted of the following:

(In millions)	September 30, 2016	December 31, 2015
Revolving credit facility	$ —	$ —
Commercial paper [1]	447.7	337.2
2.00% Notes due 2017	299.5	299.1
3.45% Notes due 2022	497.8	497.5
Term loan	—	15.6
Capital leases	0.4	0.7
Total long-term debt	1,245.4	1,150.1
Less: current portion	(0.3)	(16.0)
Long-term debt, less current portion	$ 1,245.1	$ 1,134.1

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(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 sheets at September 30, 2016 and December 31, 2015. As of September 30, 2016, our commercial paper borrowings had a weighted average interest rate of 1.01%.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments associated with leases—In March 2014, we entered into construction and operating lease agreements to finance the construction of manufacturing and office facilities located in Houston, TX. In January 2016 construction of the facilities was completed and rental payments under the operating lease commenced. Upon expiration of the operating lease in September 2021, we have the option to renew the lease, purchase the facilities or re-market the facilities on behalf of the lessor, including certain guarantees of residual value under the re-marketing option.

Contingent liabilities associated with guarantees—In the ordinary course of business, we enter into standby letters of credit, performance bonds, surety bonds and other guarantees with financial institutions for the benefit of our customers, vendors and other parties. At September 30, 2016, these financial instruments represented $504.9 million of guarantees related to our future performance and $49.0 million of guarantees to secure a portion of our existing financial obligations.

In August 2014, FMC Technologies entered into an arrangement to guarantee the debt obligations under a revolving credit facility of FMC Technologies Offshore, LLC (“FTO Services”), our joint venture with Edison Chouest Offshore LLC. Under the terms of the guarantee, FMC Technologies and Edison Chouest Offshore LLC jointly and severally guaranteed amounts under the revolving credit facility with a maximum potential amount of future payments of $40.0 million that would become payable if FTO Services defaults in payment under the terms of the revolving credit facility. The approximate term of the guarantee, which expired in August 2016, was two years. During the three months ended September 30, 2016, we performed under the guarantee with joint and equal payments of the maximum potential amount made by FMC Technologies and Edison Chouest Offshore LLC. Refer to Note 8 for additional information regarding the accounting for our investment in FTO Services.

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 or disputes in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of their inherent uncertainty. 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.

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NOTE 12. STOCKHOLDERS' EQUITY

The following table summarizes activity within certain components of stockholders' equity during the nine months ended September 30, 2016:

(In millions)	Common Stock Held in Treasury and Employee Benefit Trust	Capital in Excess of Par Value of Common Stock	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2015	$ (1,614.8)	$ 759.0	$ (872.7)
Other comprehensive income (loss)	—	—	127.5
Excess tax benefits on stock-based payment arrangements	—	0.2	—
Taxes withheld on issuance of stock-based awards	—	(8.6)	—
Purchases of treasury stock	(50.6)	—	—
Reissuances of treasury stock	21.7	(21.7)	—
Net purchases of common stock for employee benefit trust	0.2	(0.8)	—
Stock-based compensation (Note 15)	—	36.0	—
Balance as of September 30, 2016	$ (1,643.5)	$ 764.1	$ (745.2)

There were no cash dividends declared during the three and nine months ended September 30, 2016 and 2015.

The following is a summary of our treasury stock activity for the nine months ended September 30, 2016 and 2015:

(Number of shares in thousands)	Treasury Stock
Balance as of December 31, 2014	54,626
Stock awards	(523)
Treasury stock purchases	3,934
Balance as of September 30, 2015	58,037
Balance as of December 31, 2015	59,356
Stock awards	(803)
Treasury stock purchases	1,889
Balance as of September 30, 2016	60,442

We repurchased $50.6 million and $149.3 million of common stock during the nine months ended September 30, 2016 and September 30, 2015, respectively, under our authorized share repurchase program. As of September 30, 2016, our Board of Directors had authorized 90.0 million shares of common stock under our share repurchase program, and approximately 15.9 million shares of common stock remained available for purchase. Pursuant to the business combination agreement executed by FMC Technologies and Technip, repurchases of common stock during the period prior to the closing of the merger are suspended. We intend to hold repurchased shares in treasury for general corporate purposes, including issuances under our stock-based compensation plan. Treasury shares are accounted for using the cost method.

Accumulated other comprehensive loss consisted of the following:

(In millions)	Foreign Currency Translation	Hedging	Defined Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
December 31, 2015	$ (494.2)	$ (87.1)	$ (291.4)	$ (872.7)
Other comprehensive income (loss) before reclassifications, net of tax	54.6	16.8	—	71.4
Reclassification adjustment for net losses (gains) included in net income, net of tax	—	41.7	14.4	56.1
Other comprehensive income (loss), net of tax	54.6	58.5	14.4	127.5
September 30, 2016	$ (439.6)	$ (28.6)	$ (277.0)	$ (745.2)

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

	Three Months Ended		Nine Months Ended		
(In millions)	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	
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:	$ (15.9)	$ (29.9)	$ (67.5)	$ (91.6)	Revenue
	(1.1)	17.8	14.1	36.8	Cost of sales
	—	(0.4)	—	(1.3)	Selling, general and administrative expense
	(0.4)	0.1	(0.4)	—	Research and development expense
	—	(1.8)	—	0.1	Net interest expense
	(17.4)	(14.2)	(53.8)	(56.0)	Income from continuing operations before income taxes
	4.1	2.7	12.1	11.4	Provision (benefit) for income taxes
	$ (13.3)	$ (11.5)	$ (41.7)	$ (44.6)	Net income
Defined pension and other post-retirement benefits					
Amortization of actuarial gain (loss)	$ (6.2)	$ (7.7)	$ (18.6)	$ (23.3)	[a]
Amortization of prior service credit (cost)	(0.1)	—	(0.5)	(0.1)	[a]
Settlement cost	(1.8)	(2.0)	(1.8)	(2.0)	[a]
	(8.1)	(9.7)	(20.9)	(25.4)	Income from continuing operations before income taxes
	2.6	3.2	6.5	8.2	Provision (benefit) for income taxes
	$ (5.5)	$ (6.5)	$ (14.4)	$ (17.2)	Net income

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[a] These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 14 for additional details).

NOTE 13. INCOME TAXES

Our income tax provision (benefit) for the three months ended September 30, 2016 and 2015, reflected effective tax rates of (25.8)% and 19.2%, respectively. The year-over-year decrease in the effective tax rate was primarily due to a favorable change in the forecasted country mix of earnings, partially offset by nondeductible reorganization costs associated with the pending merger with Technip.

Our income tax provisions for the nine months ended September 30, 2016 and 2015, reflected effective tax rates of 12.4% and 25.0%, respectively. The year-over-year decrease in the effective tax rate was primarily due to a favorable change in the forecasted country mix of earnings, partially offset by nondeductible reorganization costs associated with the pending merger with Technip.

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 14. PENSION AND OTHER POST-RETIREMENT BENEFITS

The components of net periodic benefit cost were as follows:

	Pension Benefits							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
(In millions)	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Service cost	$ 3.2	$ 3.0	$ 3.5	$ 4.0	$ 9.6	$ 9.1	$ 10.8	$ 12.2
Interest cost	7.0	3.3	6.6	3.8	21.2	10.4	19.8	11.2
Expected return on plan assets	(11.1)	(5.9)	(10.9)	(7.1)	(33.5)	(18.8)	(32.9)	(21.0)
Amortization of prior service cost (credit)	—	—	—	—	—	0.5	—	—
Amortization of actuarial loss (gain), net	3.9	2.4	4.7	3.0	11.7	7.4	14.5	9.4
Settlement cost	1.8	—	2.0	0.1	1.8	—	2.0	0.1
Net periodic benefit cost	$ 4.8	$ 2.8	$ 5.9	$ 3.8	$ 10.8	$ 8.6	$ 14.2	$ 11.9

	Other Post-retirement Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Interest cost	$ 0.1	$ 0.2	$ 0.3	$ 0.4
Net periodic benefit cost	$ 0.1	$ 0.2	$ 0.3	$ 0.4

During the nine months ended September 30, 2016, we contributed $56.0 million to our domestic pension benefit plans and $11.3 million to our international pension benefit plans.

NOTE 15. 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 $5.1 million and $11.5 million for the three months ended September 30, 2016 and 2015, respectively, and $36.1 million and $43.2 million for the nine months ended September 30, 2016 and 2015, respectively.

During the nine months ended September 30, 2016, 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	1,018		
Performance-based	387	*	
Market-based	193	*	
Total granted	1,598		$ 23.83

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* Assumes grant date expected payout

For current-year performance-based awards, actual payouts may vary from zero to 774 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, 2016. Compensation cost is measured based on the current expected outcome of the performance conditions and may be adjusted until the performance period ends.

The following table summarizes the potential payouts for market-based awards for the nine months ended September 30, 2016:

(Number of market-based awards in thousands)	Minimum	Maximum
2014 Market-based awards	—	86
2015 Market-based awards	—	123
2016 Market-based awards	—	387

Our 2014, 2015 and 2016 market-based awards actual payouts are contingent upon our performance relative to the same peer group of companies with respect to total shareholder return ("TSR") for the three year periods ending December 31, 2016, 2017 and 2018, respectively. The payout for the TSR metric is determined based on our performance relative to the peer group. A payout is possible regardless of whether our TSR for the three year period is positive or negative. However, if our TSR for the three year period 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 regardless of our relative ranking to the peer group. 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 16. DERIVATIVE FINANCIAL INSTRUMENTS

For purposes of mitigating the effect of changes in exchange rates, we hold derivative financial instruments to hedge the risks of certain identifiable and anticipated transactions and recorded assets and liabilities in our consolidated balance sheets. 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. Our policy is to hold derivatives only for the purpose of hedging risks associated with anticipated foreign currency purchases and sales created in the normal course of business 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. For derivative instruments not designated as hedging instruments, any change in the fair value of those instruments are reflected in earnings in the period such change occurs.

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 and recorded assets and liabilities in our consolidated balance sheets. At September 30, 2016, we held the following material net positions:

	Net Notional Amount Bought (Sold)	
(In millions)		**USD Equivalent**
Australian dollar	129.2	98.8
Brazilian real	469.2	144.5
British pound	106.5	138.2
Canadian dollar	(173.4)	(132.3)
Euro	136.5	152.5
Malaysian ringgit	124.9	30.2
Nigerian naira	(5,408.8)	(17.2)
Singapore dollar	168.4	123.5
U.S. dollar	(641.1)	(641.1)

Foreign exchange rate instruments embedded in purchase and sale contracts—The purpose of these instruments is to match offsetting currency payments and receipts for particular projects, or comply with government restrictions on the currency used to purchase goods in certain countries. At September 30, 2016, our portfolio of these instruments included the following material net positions:

	Net Notional Amount Bought (Sold)	
(In millions)		**USD Equivalent**
Euro	(34.3)	(38.3)
Norwegian krone	(240.9)	(30.0)
U.S. dollar	76.3	76.3

Fair value amounts for all outstanding derivative instruments have been determined using available market information and commonly accepted valuation methodologies. Refer to Note 17 to these consolidated financial statements 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 are settled.

The following table presents the location and fair value amounts of derivative instruments reported in the consolidated balance sheets.

	September 30, 2016		December 31, 2015	
(In millions)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	$ 98.6	$ 168.5	$ 307.6	$ 488.2
Long-term – Derivative financial instruments	5.1	5.6	0.1	0.5
Total derivatives designated as hedging instruments	103.7	174.1	307.7	488.7
Derivatives not designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	29.7	37.1	26.3	28.7
Long-term – Derivative financial instruments	1.4	5.1	—	—
Total derivatives not designated as hedging instruments	31.1	42.2	26.3	28.7
Total derivatives	$ 134.8	$ 216.3	$ 334.0	$ 517.4

We recognized losses of $1.4 million and $3.8 million on cash flow hedges for the three months ended September 30, 2016 and 2015, respectively, and losses of $1.4 million and $8.4 million for the nine months ended September 30, 2016 and 2015, 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 an accumulated other comprehensive loss of $28.6 million and $87.1 million at September 30, 2016, and December 31, 2015 respectively. We expect to transfer an approximate $15.3 million loss 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 first half of 2019.

The following tables present the location of gains (losses) on the consolidated statements of income related to derivative instruments designated as cash flow hedges.

	Gain (Loss) Recognized in OCI (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Foreign exchange contracts	$ 2.5	$ (41.5)	$ 20.7	$ (63.8)

Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Foreign exchange contracts:				
Revenue	$ (15.9)	$ (29.9)	$ (67.5)	$ (91.6)
Cost of sales	(1.1)	17.8	14.1	36.8
Selling, general and administrative expense	—	(0.4)	—	(1.3)
Research and development expense	(0.4)	0.1	(0.4)	—
Net interest expense	—	(1.8)	—	0.1
Total	$ (17.4)	$ (14.2)	$ (53.8)	$ (56.0)

Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Foreign exchange contracts:				
Revenue	$ 4.0	$ 4.4	$ 11.0	$ 11.3
Cost of sales	(3.2)	(4.1)	(13.0)	(14.4)
Selling, general and administrative expense	0.1	—	0.1	—
Net interest expense	—	—	—	(0.1)
Other expense, net	(1.4)	—	(1.4)	—
Total	$ (0.5)	$ 0.3	$ (3.3)	$ (3.2)

The following table presents the location of gains (losses) on the consolidated statements of income related to derivative instruments not designated as hedging instruments.

Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income on Derivatives (Instruments Not Designated as Hedging Instruments)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Foreign exchange contracts:				
Revenue	$ (2.0)	$ (1.1)	$ (4.8)	$ (6.4)
Cost of sales	(0.3)	0.5	1.1	2.0
Other expense, net	(1.8)	13.3	27.9	34.3
Total	$ (4.1)	$ 12.7	$ 24.2	$ 29.9

Balance Sheet Offsetting—We execute derivative contracts only with counterparties that consent to a master netting agreement which permits net settlement of the gross derivative assets against gross derivative liabilities. Each instrument is accounted for individually and assets and liabilities are not offset. As of September 30, 2016, and December 31, 2015 we had no collateralized derivative contracts. The following tables present both gross information and net information of recognized derivative instruments:

	September 30, 2016			December 31, 2015		
(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	$ 134.8	$ (122.9)	$ 11.9	$ 334.0	$ (316.8)	$ 17.2

	September 30, 2016			December 31, 2015		
(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	$ 216.3	$ (122.9)	$ 93.4	$ 517.4	$ (316.8)	$ 200.6

NOTE 17. FAIR VALUE MEASUREMENTS

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

	September 30, 2016				December 31, 2015			
(In millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investments:								
Equity securities	$ 18.4	$ 18.4	$ —	$ —	$ 18.4	$ 18.4	$ —	$ —
Fixed income	4.8	4.8	—	—	4.9	4.9	—	—
Money market fund	1.8	—	1.8	—	2.9	—	2.9	—
Other investments	—	—	—	—	1.0	1.0	—	—
Stable value fund (1)	1.1				1.2			
Derivative financial instruments:								
Foreign exchange contracts	134.8	—	134.8	—	334.0	—	334.0	—
Total assets	$ 160.9	$ 23.2	$ 136.6	$ —	$ 362.4	$ 24.3	$ 336.9	$ —
Liabilities								
Derivative financial instruments:								
Foreign exchange contracts	$ 216.3	$ —	$ 216.3	$ —	$ 517.4	$ —	$ 517.4	$ —
Total liabilities	$ 216.3	$ —	$ 216.3	$ —	$ 517.4	$ —	$ 517.4	$ —

(1) Certain investments that are measured at fair value using net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

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.

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.

Refer to Note 16 for additional disclosure related to derivative financial instruments.

Assets measured at fair value on a non-recurring basis were as follows:

Fair value of long-lived non-financial assets—Long-lived, non-financial assets are measured at fair value on a non-recurring basis for the purposes of calculating impairment. The fair value of our wireline long-lived, non-financial assets measured on a non-recurring basis were determined by Level 1 observable inputs related to its held for sale classification during the first quarter of 2016. The fair value measurements of our flowback long-lived, non-financial assets measured on a non-recurring basis were determined by estimating the amount and timing of net future cash flows, which are Level 3 unobservable inputs, and discounting them using a risk-adjusted rate of interest. Significant increases or decreases in actual cash flows may result in valuation changes. During the nine months ended September 30, 2016, asset impairment charges recorded primarily related to our surface integrated services business. Refer to Note 5 for additional disclosure related to these asset impairments.

Other fair value disclosures:

Fair value of debt—The fair value, based on Level 1 quoted market rates, of our 2.00% Notes due 2017 and 3.45% Notes due 2022 (collectively, "Senior Notes") was approximately $804.8 million at September 30, 2016 and approximately $761.9 million at December 31, 2015, as compared to the $800.0 million face value of the debt, net of issue discounts and issuance costs, recorded in the condensed consolidated balance sheets.

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

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

NOTE 18. BUSINESS SEGMENTS

Beginning in the first quarter of 2016, the Invalco product line, formally reported in the results of Surface Technologies, is now reported in Energy Infrastructure. In addition, beginning in the first quarter of 2016, the UCOS® product group, formally reported in the results of Energy Infrastructure, is now reported in Subsea Technologies. Prior year information has not been restated due to the immateriality of these businesses.

The results of our equity method joint ventures, FTO Services and Forsys Subsea, are included in the results of operations and capital employed of the Subsea Technologies segment. Refer to Note 8 for additional information.

Segment revenue and segment operating profit were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2016**	**2015**	**2016**	**2015**
Segment revenue				
Subsea Technologies	$ 798.4	$ 1,093.7	$ 2,516.6	$ 3,490.3
Surface Technologies	218.1	361.0	702.3	1,170.6
Energy Infrastructure	77.1	97.1	246.3	299.4
Other revenue [(1)] and intercompany eliminations	(2.4)	(6.8)	(15.0)	(24.9)
Total revenue	$ 1,091.2	$ 1,545.0	$ 3,450.2	$ 4,935.4
Income before income taxes:				
Segment operating profit (loss):				
Subsea Technologies	$ 119.7	$ 170.7	$ 326.4	$ 522.9
Surface Technologies	(19.6)	(22.5)	(69.9)	67.9
Energy Infrastructure	2.5	(2.0)	7.0	6.2
Intercompany eliminations	(0.1)	—	0.1	—
Total segment operating profit	102.5	146.2	263.6	597.0
Corporate items:				
Corporate expense [(2)]	(14.2)	(14.7)	(41.6)	(45.0)
Other revenue [(1)] and other expense, net [(3)]	(43.8)	(21.9)	(126.6)	(77.8)
Net interest expense	(7.7)	(8.1)	(22.8)	(24.4)
Total corporate items	(65.7)	(44.7)	(191.0)	(147.2)
Income before income taxes attributable to FMC Technologies, Inc. [(4)]	$ 36.8	$ 101.5	$ 72.6	$ 449.8

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(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.

Segment operating capital employed and assets were as follows:

(In millions)	September 30, 2016	December 31, 2015 As Adjusted
Segment operating capital employed (1):		
Subsea Technologies	$ 2,144.0	$ 2,025.7
Surface Technologies	760.6	911.9
Energy Infrastructure	264.0	281.5
Total segment operating capital employed	3,168.6	3,219.1
Segment liabilities included in total segment operating capital employed (2)	1,417.3	1,806.1
Corporate (3)	1,377.8	1,394.2
Total assets	$ 5,963.7	$ 6,419.4
Segment assets:		
Subsea Technologies	$ 3,251.5	$ 3,512.3
Surface Technologies	990.6	1,131.9
Energy Infrastructure	363.1	396.7
Intercompany eliminations	(19.3)	(15.7)
Total segment assets	4,585.9	5,025.2
Corporate (3)	1,377.8	1,394.2
Total assets	$ 5,963.7	$ 6,419.4

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(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.

NOTE 19. SUBSEQUENT EVENTS

Since 2014, the year Norwegian tax capitalization laws and related caps on interest deductibility were changed, FMC Technologies has provided valuation allowances on its deferred tax assets related to interest on certain intercompany debt structures in Norway. On October 18, 2016, the Norwegian Supreme Court rendered its decision in the IKEA case, which has circumstances similar to our position regarding interest on intercompany debt structures. The court used the substance-over-form doctrine to conclude that the IKEA transaction was materially tax driven. As a result, we are evaluating the outcome of the IKEA case and its effect on our tax positions, including those tax positions prior to 2014, related to our intercompany debt structures in Norway. Should our tax positions be determined to be nondeductible, the maximum potential exposure to FMC Technologies is approximately $51 million.

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

Business Outlook

Merger of FMC Technologies and Technip—Information regarding the pending merger of FMC Technologies and Technip is incorporated herein by reference from Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Overall Outlook—Although the price of crude oil slightly recovered and stabilized during the second and third quarter of 2016, the oil and gas industry continues to experience the overall negative impacts of the low crude oil price environment and the uncertainties in the crude oil price outlook. The uncertainties in the crude oil price outlook stem from a variety of factors including (i) economic and geopolitical events affecting market participants' expectations of oil market balances and (ii) continued strength in domestic and international crude oil supply. Despite OPEC's recently announced framework agreement to cap OPEC crude oil production in 2017, details of the agreement, including individual target outputs for OPEC members, remain undecided, and even if such details are agreed upon, any effects on global supply will hinge on the extent of compliance by individual members. Additionally, recent crude oil price increases related to supply re-balancing are being partially offset by increased supply from U.S. onshore producers. Overall, the uncertain crude oil price outlook is expected to have a continued negative effect our businesses over the next year. The reduced or deferred capital spending by our customers has led to a significant downturn in demand for our products and services and an overall weaker demand for oilfield services. The timing of any recovery of crude oil prices and business activity is dependent on many variables, but many analysts believe the market corrections necessary to address the oversupply of crude oil are expected to occur over the next two years. As long-term demand rises and production naturally declines, we believe commodity prices should continue to recover, improving the cash flows and confidence of our customers to increase their investments in new sources of oil production.

Subsea Technologies—The low crude oil price environment over the last two years led many of our customers to reduce their capital spending plans or defer new deepwater projects. These capital spending reductions continue to have an adverse effect on 2016 year-to-date subsea inbound orders when compared to the prior year. During 2015, we began to reduce our workforce to align our operations with anticipated decreases in future year activity due to delayed subsea project inbound and to maintain operating margins. In addition to continued project execution improvements, we benefited from these restructuring actions by attaining more cost-effective manufacturing during the first nine months of 2016. We expect to take further restructuring actions during the remainder of 2016, including facility consolidation and workforce reductions. We expect subsea revenues to decrease a third consecutive year in 2017; however, even with lower subsea revenue expectations, we believe the operational improvements and cost reductions made will protect operating margins and provide us with the capability to respond to the eventual market recovery. Our customers are taking aggressive actions to lower their cost base. Accordingly, we remain focused on ways to reduce costs to our customers by offering cost-effective approaches to our customers' project developments, including customer acceptance of integrated business models to help achieve their cost-reduction goals and accelerate achievement of first oil. Many customers are actively exploring ways to utilize our standardized subsea production equipment as operators understand the cost and scheduling benefits that standardization brings to their projects. In the long-term, we continue to believe deepwater development will remain a significant part of our customers' portfolios.

Surface Technologies—With the decline in crude oil prices, we expected a decline in rig counts and decreased North American land activity to negatively affect all of our businesses in North America during 2016. However, the extent of the declines in rig counts in the first half of 2016 exceeded our expectations and had a greater impact in our Surface Technologies businesses. Although rig counts have shown some sign of recovery during the third quarter of 2016, competitive pricing in the North American land market continues to negatively impact our Surface Technologies businesses. As a result, where excess supply has limited the ability to earn an acceptable return, we have temporarily suspended certain operations in our surface integrated services business until additional market capacity supports our profit and cash flow objectives. We do not expect the North American market to recover in the remainder of 2016; however, our restructuring actions have reduced costs, and we expect our rationalized operating structure to provide us with the flexibility to respond when the North American market recovers. Although the timing and pace of recovery in the North American land market remains uncertain, we believe any increase in operator spending will first benefit our North American businesses due to the lower, upfront capital needed to restart shale operations. Based on its strong backlog and the inherent geographical mix in which it operates, our international surface business continues to deliver strong operational results. However, competitive pricing pressure has increased in international markets throughout 2016, and we expect this to negatively impact margins, partially offset by supply chain and other cost reductions, going forward. Given the uncertainties regarding crude oil prices and its effect on customer spending, we believe the need for further business restructuring is likely to continue throughout 2016 in our Surface Technologies businesses.

CONSOLIDATED RESULTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Three Months Ended September 30,		Change	
(In millions, except %)	2016	2015	$	%
Revenue	$ 1,091.2	$ 1,545.0	(453.8)	(29.4)
Costs and expenses:				
Cost of sales	846.7	1,173.9	(327.2)	(27.9)
Selling, general and administrative expense	132.9	144.3	(11.4)	(7.9)
Research and development expense	23.3	25.9	(2.6)	(10.0)
Restructuring and impairment expense	23.8	78.1	(54.3)	(69.5)
Merger transaction and integration costs	11.6	—	11.6	*
Total costs and expenses	1,038.3	1,422.2	(383.9)	(27.0)
Other income (expense), net	(8.7)	(12.7)	4.0	*
Net interest expense	(7.7)	(8.1)	0.4	4.9
Income from continuing operations before income taxes	36.5	102.0	(65.5)	(64.2)
Provision (benefit) for income taxes	(9.5)	19.5	(29.0)	(148.7)
Income from continuing operations	46.0	82.5	(36.5)	(44.2)
Loss from discontinued operations, net of income taxes	(14.0)	—	(14.0)	*
Net income	32.0	82.5	(50.5)	(61.2)
Net (income) loss attributable to noncontrolling interests	0.3	(0.5)	0.8	160.0
Net income attributable to FMC Technologies, Inc.	$ 32.3	$ 82.0	(49.7)	(60.6)

* Not meaningful

Revenue decreased $453.8 million in the third quarter of 2016 compared to the prior-year quarter. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the year and lower subsea service revenue recognized year-over-year. Lower market activity also led to decreased revenue in our Schilling Robotics and Multi Phase Meters businesses year-over-year. Additionally, revenue decreased across all Surface Technologies businesses year-over-year, primarily driven by our fluid control and surface integrated services businesses from lower market activity in North America.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 22.4% in the third quarter of 2016, from 24.0% in the prior-year quarter. The decline in gross profit as a percentage of sales was due to our Surface Technologies segment which realized lower gross profit margins year-over-year, primarily driven by our fluid control business from lower market activity in North America. This gross profit decline was partially offset by improved project execution in our Subsea Technologies segment year-over-year.

Selling, general and administrative expense decreased $11.4 million year-over-year, resulting from decreased salary expenses primarily in our Surface Technologies and Energy Infrastructure segments related to lower headcount and cost savings initiatives.

Information regarding impairment and restructuring expenses incurred during the third quarter of 2016 is incorporated herein by reference from Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Merger transaction and integration costs of $11.6 million incurred during the third quarter of 2016 is due to the pending merger of FMC Technologies and Technip. Further information related to the pending merger is incorporated herein by reference from Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Information regarding the loss from discontinued operations incurred during the third quarter of 2016 is incorporated herein by reference from Note 6 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our income tax provision (benefit) for the third quarter of 2016 and 2015 reflected effective tax rates of (25.8)% and 19.2%, respectively. The year-over-year decrease in the effective tax rate was primarily due to a favorable change in the forecasted country mix of earnings, partially offset by nondeductible reorganization costs associated with the pending merger with Technip. 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 $2,110.0 million at September 30, 2016. 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.

CONSOLIDATED RESULTS OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Nine Months Ended September 30,		Change	
(In millions, except %)	2016	2015	$	%
Revenue	$ 3,450.2	$ 4,935.4	(1,485.2)	(30.1)
Costs and expenses:				
Cost of sales	2,700.3	3,753.5	(1,053.2)	(28.1)
Selling, general and administrative expense	430.0	482.6	(52.6)	(10.9)
Research and development expense	89.5	91.7	(2.2)	(2.4)
Restructuring and impairment expense	75.4	98.2	(22.8)	(23.2)
Merger transaction and integration costs	30.6	—	30.6	*
Total costs and expenses	3,325.8	4,426.0	(1,100.2)	(24.9)
Other income (expense), net	(29.4)	(34.1)	4.7	*
Net interest expense	(22.8)	(24.4)	1.6	6.6
Income from continuing operations before income taxes	72.2	450.9	(378.7)	(84.0)
Provision for income taxes	9.0	112.3	(103.3)	(92.0)
Income from continuing operations	63.2	338.6	(275.4)	(81.3)
Loss from discontinued operations, net of income taxes	(14.0)	—	(14.0)	*
Net income	49.2	338.6	(289.4)	(85.5)
Net (income) loss attributable to noncontrolling interests	0.4	(1.1)	1.5	136.4
Net income attributable to FMC Technologies, Inc.	$ 49.6	$ 337.5	(287.9)	(85.3)

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* Not meaningful

Revenue decreased $1,485.2 million in the first nine months of 2016 compared to the prior-year. Revenue in the first nine months of 2016 included a $106.0 million unfavorable impact of foreign currency translation. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the year and lower subsea service revenue recognized year-over-year. Lower market activity also led to decreased revenue in our Schilling Robotics and Multi Phase Meters businesses year-over-year. Surface Technologies posted decreased revenue year-over-year in all businesses. The revenue decrease was primarily driven by our fluid control and surface integrated services businesses primarily from lower market activity in North America.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 21.7% in the first nine months of 2016, from 23.9% in the prior-year. The decline in gross profit as a percentage of sales was due to our Surface Technologies segment which realized lower gross profit margins year-over-year, primarily driven by lower market activity in North America which negatively affected our fluid control and surface integrated services businesses.

Selling, general and administrative expense decreased $52.6 million year-over-year, resulting from decreased salary expenses in all reporting segments due to lower headcount and decreased project tendering costs.

Information regarding impairment and restructuring expenses incurred during the first nine months of 2016 is incorporated herein by reference from Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Merger transaction and integration costs of $30.6 million incurred during the first nine months of 2016 is due to the pending merger of FMC Technologies and Technip. Further information related to the pending merger is incorporated herein by reference from Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Information regarding the loss from discontinued operations incurred during the first nine months of 2016 is incorporated herein by reference from Note 6 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other income (expense), net during the first nine months of 2016 and 2015 included $27.5 million and $33.1 million of foreign currency losses, primarily related to the Nigerian naira and Angolan kwanza.

Our income tax provisions for the first nine months of 2016 and 2015 reflected effective tax rates of 12.4% and 25.0%, respectively. The year-over-year decrease in the effective tax rate was primarily due to a favorable change in the forecasted country mix of earnings, partially offset by nondeductible reorganization costs associated with the pending merger with Technip. 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 $2,110.0 million at September 30, 2016. 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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SEGMENT RESULTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

Segment operating profit is defined as total segment revenue less segment operating expenses. Certain items have been excluded in computing segment operating profit and are included in corporate items. Refer to Note 18 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Subsea Technologies

	Three Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2016**	**2015**	**$**	**%**
Revenue	$ 798.4	$ 1,093.7	(295.3)	(27.0)
Operating profit	$ 119.7	$ 170.7	(51.0)	(29.9)
Operating profit as a percent of revenue	15.0%	15.6%		(0.6) pts.

Subsea Technologies revenue decreased $295.3 million year-over-year. Revenue for the third quarter of 2016 included a $6.4 million favorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue decreased by $301.7 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period, the pace of backlog conversion and orders received during the period. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the current year and lower subsea service revenue recognized year-over-year. Additionally, lower market activity led to decreased revenue in our Schilling Robotics and Multi Phase Meters businesses year-over-year.

Subsea Technologies operating profit as a percent of revenue declined year-over-year and was primarily driven by a 0.4 percentage point decrease from our Schilling Robotics business due to decreased sales volumes from lower market activity. Operating profit for the third quarter of 2016 included a $3.1 million favorable impact of foreign currency translation and $5.4 million in impairment, restructuring and other severance charges. Operating profit for the third quarter of 2015 included $17.3 million of impairment, restructuring and other severance charges.

Surface Technologies

	Three Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2016**	**2015**	**$**	**%**
Revenue	$ 218.1	$ 361.0	(142.9)	(39.6)
Operating loss	$ (19.6)	$ (22.5)	2.9	12.9
Operating loss as a percent of revenue	(9.0)%	(6.2)%		(2.8) pts.

Surface Technologies revenue decreased $142.9 million year-over-year. Revenue for the third quarter of 2016 included a $5.0 million unfavorable impact of foreign currency translation. Revenue decreased in all of our Surface Technologies businesses year-over-year, primarily driven by our fluid control and surface integrated services businesses from lower market activity in North America.

Surface Technologies operating loss as a percent of revenue increased year-over-year and was primarily driven by:

- Fluid Control - 3.3 percentage point decrease primarily due to decreased volumes in flowline and well service pump products resulting from lower activity in the North American shale markets; and
- Surface Integrated Services - 0.7 percentage point increase primarily due to impairment charges in Canada recorded in the third quarter of 2015, partially offset by higher restructuring charges and lower market activity during the third quarter of 2016.

Operating loss for the third quarter of 2016 included $14.4 million of impairment, restructuring and other severance charges. Operating loss for the third quarter of 2015 included $59.6 million of impairment, restructuring and other severance charges and $4.8 million of inventory write-downs.

Energy Infrastructure

	Three Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	2016	2015	$	%
Revenue	$ 77.1	$ 97.1	(20.0)	(20.6)
Operating profit (loss)	$ 2.5	$ (2.0)	4.5	225.0
Operating profit (loss) as a percent of revenue	3.3%	(2.1)%		5.4 pts.

Energy Infrastructure revenue decreased $20.0 million year-over-year. The decrease in revenue was due to lower market activity across all businesses.

Energy Infrastructure's operating profit as a percent of revenue increased from an operating loss position in the prior-year quarter and was primarily driven by:

- Measurement Solutions - 8.1 percentage point increase primarily from high margin product sales and cost savings related to restructuring actions taken in 2015; and
- Separation Systems - 2.3 percentage point decrease due to decreased sales volumes from lower market activity.

Operating profit for the third quarter of 2016 included $1.2 million of restructuring and other severance charges. Operating loss for the third quarter of 2015 included $1.7 million of restructuring and other severance charges and $1.7 million of inventory write-downs.

Corporate Items

	Three Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	2016	2015	$	%
Corporate expense	$ (14.2)	$ (14.7)	0.5	3.4
Other revenue and other expense, net	(43.8)	(21.9)	(21.9)	(100.0)
Net interest expense	(7.7)	(8.1)	0.4	4.9
Total corporate items	$ (65.7)	$ (44.7)	(21.0)	(47.0)

The year-over-year increase in corporate items primarily reflected:

- an unfavorable variance of $11.6 million related to business combination transaction and integration costs related to the pending merger with Technip;
- an unfavorable variance of $7.6 million related to corporate restructuring and impairment charges; and
- an unfavorable variance of $3.6 million related to transition and facility consolidation costs.

SEGMENT RESULTS OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

Segment operating profit is defined as total segment revenue less segment operating expenses. Certain items have been excluded in computing segment operating profit and are included in corporate items. Refer to Note 18 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Subsea Technologies

	Nine Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2016**	**2015**	**$**	**%**
Revenue	$ 2,516.6	$ 3,490.3	(973.7)	(27.9)
Operating profit	$ 326.4	$ 522.9	(196.5)	(37.6)
Operating profit as a percent of revenue	13.0%	15.0%		(2.0) pts.

Subsea Technologies revenue decreased $973.7 million year-over-year. Revenue for the first nine months of 2016 included a $79.8 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue decreased by $893.9 million year-over-year. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the period, the pace of backlog conversion and the orders received during the period. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the current year and lower subsea service revenue year-over-year. Additionally, lower market activity led to decreased revenue in our Schilling Robotics and Multi Phase Meters businesses year-over-year.

Subsea Technologies operating profit as a percent of revenue declined year-over-year and was primarily driven by:

- Subsea Systems - 1.3 percentage point decrease due to lower revenue in our subsea service business across most subsea regions, partially offset by improved project execution in our Asia Pacific subsea equipment business; and
- Schilling Robotics - 0.7 percentage point decrease due to decreased sales volumes from lower market activity.

Operating profit for the first nine months of 2016 included an $7.9 million unfavorable impact of foreign currency translation and $32.1 million of impairment, restructuring and other severance charges. Operating profit for the first nine months of 2015 included $25.2 million of impairment, restructuring and other severance charges.

Surface Technologies

	Nine Months Ended September 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2016**	**2015**	**$**	**%**
Revenue	$ 702.3	$ 1,170.6	(468.3)	(40.0)
Operating profit (loss)	$ (69.9)	$ 67.9	(137.8)	(202.9)
Operating profit (loss) as a percent of revenue	(10.0)%	5.8%		(15.8) pts.

Surface Technologies revenue decreased $468.3 million year-over-year. Revenue for the first nine months of 2016 included a $24.8 million unfavorable impact of foreign currency translation. Revenue decreased in all of our Surface Technologies businesses year-over-year, primarily driven by our fluid control and surface integrated services businesses from lower market activity in North America.

Surface Technologies operating profit as a percent of revenue declined to an operating loss position year-over-year and was primarily driven by:

- Surface Integrated Services - 13.1 percentage point decrease related to lower market activity in North America and higher restructuring charges, partially offset by a larger impairment charge in Canada recognized during 2015; and
- Fluid Control - 3.2 percentage point decrease due to decreased volumes in our flowline and pump products resulting from lower activity in the North American shale markets.

Operating loss for the first nine months of 2016 included a $4.1 million unfavorable impact of foreign currency translation and $58.5 million of impairment, restructuring and other severance charges, as well as $2.2 million of inventory write-downs. Operating profit for the first nine months of 2015 included $62.5 million of impairment, restructuring and other severance charges and $4.8 million of inventory write-downs.

Energy Infrastructure

(In millions, except %)	Nine Months Ended September 30, 2016	2015	Favorable/(Unfavorable) $	%
Revenue	$ 246.3	$ 299.4	(53.1)	(17.7)
Operating profit	$ 7.0	$ 6.2	0.8	12.9
Operating profit as a percent of revenue	2.9%	2.1%		0.8 pts.

Energy Infrastructure revenue decreased $53.1 million year-over-year. The decrease was driven by lower activity in our measurement solutions business.

Energy Infrastructure operating profit as a percent of revenue improved year-over-year and was primarily driven by:

- Measurement Solutions - 2.4 percentage point increase due to lower restructuring charges and inventory write-downs as compared to the first nine months of 2015; and
- Separation Systems - 2.0 percentage point decrease due to lower market activity and restructuring charges in 2016.

Operating profit for the first nine months of 2016 included a $3.3 million of restructuring and other severance charges. Operating profit for the first nine months of 2015 included $4.7 million of restructuring and other severance charges and $1.7 million of inventory write-downs.

Corporate Items

(In millions, except %)	Nine Months Ended September 30, 2016	2015	Favorable/(Unfavorable) $	%
Corporate expense	$ (41.6)	$ (45.0)	3.4	7.6
Other revenue and other expense, net	(126.6)	(77.8)	(48.8)	(62.7)
Net interest expense	(22.8)	(24.4)	1.6	6.6
Total corporate items	$ (191.0)	$ (147.2)	(43.8)	(29.8)

The year-over-year increase in corporate items primarily reflected:

- an unfavorable variance of $30.6 million related to business combination transaction and integration costs related to the pending merger with Technip;
- an unfavorable variance of $12.0 million related to transition and facility consolidation costs; and
- an unfavorable variance of $8.8 million related to corporate restructuring and impairment charges.

Inbound Orders and Order Backlog

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

	Inbound Orders			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2016**	**2015**	**2016**	**2015**
Subsea Technologies	$ 401.0	$ 1,049.0	$ 1,081.0	$ 2,612.7
Surface Technologies	242.2	398.1	643.8	1,030.6
Energy Infrastructure	55.9	81.8	191.8	290.3
Intercompany eliminations and other	(6.9)	(2.9)	(14.9)	(13.0)
Total inbound orders	$ 692.2	$ 1,526.0	$ 1,901.7	$ 3,920.6

Order backlog—Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Translation positively affected backlog by $35.0 million and $215.8 million for the three and nine months ended September 30, 2016, respectively and negatively affected backlog by $352.2 million and $652.0 million for the three and nine months ended September 30, 2015, respectively.

	Order Backlog		
(In millions)	**September 30, 2016**	**December 31, 2015**	**September 30, 2015**
Subsea Technologies	$ 2,534.0	$ 3,761.8	$ 4,287.6
Surface Technologies	379.3	432.8	495.0
Energy Infrastructure	112.4	163.9	172.8
Intercompany eliminations	(2.8)	(2.9)	(2.8)
Total order backlog	$ 3,022.9	$ 4,355.6	$ 4,952.6

Subsea Technologies. Order backlog for Subsea Technologies at September 30, 2016, decreased by $1,227.8 million compared to December 31, 2015. Subsea Technologies backlog of $2.5 billion at September 30, 2016, was composed of various subsea projects, including BP's Shah Deniz Stage 2; Petrobras' pre-salt tree and manifold awards; Shell's Appomattox; Statoil's Johan Sverdrup Phase 1; Total's Egina; and Woodside's Greater Western Flank Phase 2. The above listed projects represented 60% of our Subsea Technologies backlog as of September 30, 2016.

Surface Technologies. Surface Technologies order backlog at September 30, 2016, decreased by $53.5 million compared to December 31, 2015. The decrease was due to lower North American activity which negatively affected our fluid control business backlog and lower inbound orders in our international surface wellhead business.

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 revolving 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—Net debt, or net cash, is a non-GAAP financial measure reflecting cash and cash equivalents, net of debt. Management uses this non-GAAP financial measure to evaluate our capital structure and financial leverage. We believe net debt, or net cash, is a meaningful financial measure that may assist investors in understanding our financial condition and recognizing underlying trends in our capital structure. Net (debt) cash should not be considered an alternative to, or more meaningful than, cash and cash equivalents as determined in accordance with GAAP or as an indicator of our operating performance or liquidity.

The following table provides a reconciliation of our cash and cash equivalents to net debt, utilizing details of classifications from our condensed consolidated balance sheets.

(In millions)	September 30, 2016	December 31, 2015
Cash and cash equivalents	$ 1,074.2	$ 916.2
Short-term debt and current portion of long-term debt	(19.0)	(21.9)
Long-term debt, less current portion	(1,245.1)	(1,134.1)
Net debt	$ (189.9)	$ (239.8)

The positive change in our net debt position was primarily due to cash generated from operations, partially offset by capital expenditures and investments in our joint ventures.

Cash Flows

We generated $227.3 million and $501.0 million in cash flows from operating activities during the nine months ended September 30, 2016 and 2015, respectively. The decrease in cash from operating activities was due to lower income generated from operations and a tax assessment payment related to a discontinued operation, partially offset by an improvement in our working capital position. Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts in our portfolio of projects.

Investing activities used $120.2 million and $211.7 million in cash flows during the nine months ended September 30, 2016 and 2015, respectively. The decrease in cash flows used by investing activities was due to lower capital expenditures in 2016 and the proceeds related to the sale of our wireline business, partially offset by investments made in our FTO Services and Forsys Subsea joint ventures in 2016. Refer to Note 8 to our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for further information regarding our equity method investments.

Financing activities provided $29.4 million and used $181.5 million in cash flows during the nine months ended September 30, 2016 and 2015, respectively. The increase in cash flows from financing activities was due to an increase in our commercial paper position and lower repurchases of our common stock during the nine months ended September 30, 2016. Pursuant to the business combination agreement executed by FMC Technologies and Technip related to the pending merger, repurchases of common stock are suspended during the period prior to the closing of the merger.

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, 2015 for information related to our Senior Notes.

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Credit Facility—The following is a summary of our revolving credit facility at September 30, 2016:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding [a]	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,000.0	$ —	$ 447.7	$ —	$ 1,552.3	September 2020

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[a] Under our commercial paper program, we have the ability to access up to $1.5 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 $447.7 million of commercial paper issued under our facility at September 30, 2016. As we had both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term in the accompanying condensed consolidated balance sheets at September 30, 2016.

As of September 30, 2016, we were in compliance with all restrictive covenants under our revolving credit facility.

Refer to Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2015 for further information related to our 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 17 to our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q.

Outlook

Historically, we have generated our liquidity and capital resources primarily through operations and, when needed, through our credit facility. We have $1,552.3 million of capacity available under our revolving credit facility that we expect to utilize if working capital needs temporarily increase. 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. Although we expect to continue to reach payment milestones on many of our projects, we expect our consolidated operating cash flow position in 2016 to slightly decrease as a result of the negative impact the decline in commodity prices will have on our overall business. Given the recent downturn in the oilfield services industry, many of our key customers have requested price concessions. Additionally, our primary customer in Brazil has notified us of re-scheduling and potential cancellations of certain backlog deliveries. Consequently, any discounts, material product delivery delays or cancellations that may ultimately be mutually agreed to with our key customers may adversely affect our results of operations and cash flows.

We project spending approximately $120 million in 2016 for capital expenditures, largely towards maintenance expenditures in our subsea service business. However, projected capital expenditures for 2016 do not include any contingent capital that may be needed to respond to a contract award.

Pursuant to the business combination agreement executed by FMC Technologies and Technip related to the pending merger, repurchases of common stock are suspended during the period prior to the closing of the merger.

During the remainder of 2016, we expect to make contributions of approximately $1.8 million to our international pension plans. 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. Additionally, we expect to make payments of approximately $0.7 million to our U.S. Non-Qualified Defined Benefit Pension Plan during the remainder of 2016.

Pursuant to the business combination agreement executed by FMC Technologies and Technip related to the pending merger, certain restrictions are in place regarding the ability for FMC Technologies to acquire, divest, or change our legal structure in order to meet any potential strategic opportunities related to FMC Technologies as an independent company.

CRITICAL ACCOUNTING ESTIMATES

Refer to our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of our critical accounting estimates. During the nine months ended September 30, 2016, there were no changes to our identified critical accounting estimates. Information related to changes in judgments and assumptions surrounding impairments is incorporated herein by reference from Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

OFF-BALANCE SHEET ARRANGEMENTS

Information related to guarantees is incorporated herein by reference from Note 11 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

OTHER MATTERS

As previously disclosed, during the second quarter of 2014, we received an inquiry and a subpoena from the SEC seeking information about paid-time-off accruals within the automation and control business unit. The inquiry continued into the second half of 2014 and covered revenue and expenses in certain business units, particularly the automation and control business unit. Pursuant to additional subpoenas received in 2015, we provided information regarding our tax department and our previously disclosed accounting treatment for uncertain foreign tax positions. We fully responded to all of the SEC’s requests for information and cooperated and engaged in discussions with the SEC. On January 19, 2016 we received a notice indicating that the SEC made a preliminary determination to recommend that the SEC Division of Enforcement file a civil enforcement action against the Company for alleged violations of the reporting, books-and-records and internal control provisions of U.S. federal securities laws. Throughout this period, we discussed these matters with our independent registered public accounting firm and our Audit Committee.

As of October 20, 2016, we settled the matter with the SEC, without admitting or denying the findings of the SEC, by consenting to the entry of an administrative order that requires the Company to cease and desist from committing or causing any violations of the books-and-records and internal control provisions of the U.S. federal securities laws. As part of the terms of the settlement, we agreed to pay a civil monetary penalty of $2.5 million by October 31, 2016.

On March 28, 2016 we received an inquiry from the United States Department of Justice (“DOJ”) related to the DOJ’s investigation of whether certain services Unaoil S.A.M. provided to its clients, including FMC Technologies, violated the Foreign Corrupt Practices Act. We are cooperating with the DOJ’s inquiry and are conducting our own internal investigation.

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

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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, 2015, for quantitative and qualitative disclosures about market risk. There have been no material changes in our exposures to market risk since December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

As of September 30, 2016, 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, our principal executive officer and principal financial officer have concluded as of September 30, 2016, that our disclosure controls and procedures were:

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

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

There were no changes in internal controls over financial reporting identified in the evaluation for the quarter ended September 30, 2016, 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.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

In addition to our risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015, the following risk factors were identified or modified:

Disruptions in the political, regulatory, economic and social conditions of the countries in which we conduct business could adversely affect our business or results of operations.

We operate manufacturing facilities in the United States and in various countries across the world. Instability and unforeseen changes in any of the markets in which we conduct business, including economically and politically volatile areas such as North Africa, West Africa, the Middle East and the Commonwealth of Independent States, could have an adverse effect on the demand for our products and services, our financial condition or our results of operations. These factors include, but are not limited to, the following:

- nationalization and expropriation;
- potentially burdensome taxation;
- inflationary and recessionary markets, including capital and equity markets;
- civil unrest, labor issues, political instability, terrorist attacks, cyber-terrorism, military activity and wars;
- supply disruptions in key oil producing countries;
- ability of OPEC to set and maintain production levels and pricing;
- trade restrictions, trade protection measures or price controls;
- foreign ownership restrictions;
- import or export licensing requirements;
- restrictions on operations, trade practices, trade partners and investment decisions resulting from domestic and foreign laws and regulations;
- changes in, and the administration of, laws and regulations;
- inability to repatriate income or capital;
- reductions in the availability of qualified personnel;
- foreign currency fluctuations or currency restrictions; and
- fluctuations in the interest rate component of forward foreign currency rates.

Because a significant portion of our revenue is denominated in foreign currencies, changes in exchange rates will produce fluctuations in our revenue, costs and earnings and may also affect the book value of our assets and liabilities located outside of the United States and the amount of our stockholders' equity. Although it is our policy to seek to minimize our currency exposure by engaging in hedging transactions where appropriate, our efforts may not be successful. Moreover, certain currencies, specifically currencies in countries such as Angola and Nigeria where we have sizable operations, do not actively trade in the global foreign exchange markets and may subject us to increased foreign currency exposures. Refer to "Quantitative and Qualitative Disclosures about Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2015 for additional discussion of foreign currency rate risk. To the extent we sell our products and services in foreign markets, currency fluctuations may result in our products and services becoming too expensive for foreign customers. As a result, fluctuations in foreign currency exchange rates may affect our financial position or results of operations.

Moreover, the recent referendum in the United Kingdom to exit the European Union has led to both near- and long-term uncertainties. As legal negotiations regarding its formal separation from the European Union occur over the next few years, the nature and extent of the effects of decisions from those negotiations is unknown. Near-term uncertainties may include continued volatility in the British pound and euro currencies as well as volatility in global stock markets. European Union member states are party to various treaties and agreements that facilitate the free movement of goods, services, and capital across member state jurisdictions. If the United Kingdom negotiates new treaties or agreements, the potential impacts in the longer-term may include changing trade tariffs and customs duties on UK imports and exports, slower UK and European Union economic growth and increased deregulation in the United Kingdom, all which could affect the value of our foreign currency denominated assets and liabilities or our ability to assert whether undistributed earnings in the United Kingdom will remain indefinitely reinvested.

Our businesses may be subject to uncertainties and other operating restrictions until completion of the merger with Technip.

In connection with the pending merger with Technip, our businesses may experience disruptions as customers, distributors, suppliers, and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than FMC Technologies or the combined company following the merger. Additionally, we have agreed in the business combination agreement to refrain from taking certain actions with respect to our business and financial affairs during the pendency of the merger, which could adversely impact our financial condition, results of operations, or cash flows.

We may have difficulty attracting, motivating and retaining key employees during the pendency of the merger with Technip.

In connection with the pending merger with Technip, current and prospective employees of FMC Technologies may experience uncertainty about their future roles with the combined company following the merger, which may adversely affect the ability of FMC Technologies to attract and retain key personnel while the merger is pending. Key employees may depart because of the uncertainty or potential difficulty of integration or a desire not to remain with the combined company following the merger.

Failure to complete the merger with Technip could adversely affect our businesses, results of operations or stock price.

The pending merger with Technip remains subject to certain closing conditions, including approval of FMC Technologies and Technip stockholders, the conclusion of antitrust review in certain countries, certain regulatory approvals and consents, as well as other customary closing conditions. FMC Technologies and Technip may not receive the required consents, approvals and clearances to complete the merger or satisfy the other conditions necessary to complete the merger. In addition, FMC Technologies and Technip may each terminate the business combination agreement under certain limited circumstances. If the pending merger with Technip is not completed, our businesses and the market price of our common stock may be adversely affected for a variety of reasons, including but not limited to: (i) the requirement, under certain circumstances, to pay Technip a termination fee of $250 million, (ii) the inability of our businesses to execute certain business strategies as a result of restrictions under the business combination agreement related to the pending merger, and (iii) the diversion of time and focus of our management to matters related to the pending merger which would otherwise have been devoted to other opportunities that may have been beneficial to FMC Technologies as an independent company.

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

We had no unregistered sales of equity securities during the three months ended September 30, 2016.

Pursuant to the business combination agreement executed by FMC Technologies and Technip, repurchases of common stock are suspended during the period prior to the closing of the merger. Refer to Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

The following table summarizes repurchases of our common stock during the three months ended September 30, 2016.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (b)
July 1, 2016—July 31, 2016	420	$ 25.71	—	15,890,465
August 1, 2016—August 31, 2016	5,030	$ 26.94	—	15,890,465
September 1, 2016—September 30, 2016	610	$ 27.80	—	15,890,465
Total	6,060		—	15,890,465

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(a) Represents nil shares of common stock repurchased and held in treasury and 6,060 shares of common stock purchased and held in an employee benefit trust established for the FMC Technologies, Inc. Non-Qualified Savings and Investment Plan. In addition to these shares purchased on the open market, we sold 6,390 shares of registered common stock held in this trust, as directed by the beneficiaries during the three months ended September 30, 2016.

(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. The Board of Directors authorized additional extensions of this program, adding 15 million shares in both December 2011 and February 2015 for a total of 90 million shares of common stock authorized for repurchase.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Information required by this item is incorporated herein by reference from the section entitled “Index of Exhibits” of this Quarterly Report on Form 10-Q for the period ended September 30, 2016.

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, Controller and Treasurer
(Chief Accounting Officer and a Duly Authorized Officer)

Date: October 27, 2016

INDEX OF EXHIBITS

Exhibit No.	Exhibit Description
2.1	Business Combination Agreement, dated as of June 14, 2016, by and among FMC Technologies, Inc., FMC Technologies SIS Limited and Technip S.A. (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K filed on June 16, 2016) (File No. 001-16489).
2.2	Memorandum of Understanding, dated as of May 18, 2016, by and among FMC Technologies, Inc., FMC Technologies SIS Limited and Technip S.A. (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K filed on May 19, 2016) (File No. 001-16489).
2.3	Form of Topco Articles of Association (incorporated by reference from Exhibit 2.3 to the Current Report on Form 8-K filed on May 19, 2016) (File No. 001-16489).
2.4	Form of Topco Corporate Governance Guidelines (incorporated by reference from Exhibit 2.4 to the Current Report on Form 8-K filed on May 19, 2016) (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 October 5, 2015) (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).
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 Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Furnished with this Quarterly Report on Form 10-Q

Exhibit 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

I, Douglas J. Pferdehirt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FMC Technologies, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2016

/s/ DOUGLAS J. PFERDEHIRT

Douglas J. Pferdehirt
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 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**

I, Maryann T. Mannen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FMC Technologies, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2016

/s/ MARYANN T. MANNEN

Maryann T. Mannen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002, 18 U.S.C. SECTION 1350

I, Douglas J. Pferdehirt, President and Chief Executive Officer of FMC Technologies, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2016

/s/ DOUGLAS J. PFERDEHIRT

Douglas J. Pferdehirt
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002, 18 U.S.C. SECTION 1350**

I, Maryann T. Mannen, Executive Vice President and Chief Financial Officer of FMC Technologies, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2016

/s/ MARYANN T. MANNEN

Maryann T. Mannen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)