Note 6: Warranty Obligations

We provide warranties of various lengths and terms to certain of our customers based on standard terms and conditions and negotiated agreements. We provide for the estimated cost of warranties at the time revenue is recognized for products where reliable, historical experience of warranty claims and costs exists. We also provide warranty liability when additional specific obligations are identified. The obligation reflected in other current liabilities in the consolidated balance sheets is based on historical experience by product and considers failure rates and the related costs in correcting a product failure. Warranty cost and accrual information is as follows:

Balance at beginning of period	$ 18.2	$ 18.3	$ 16.9	$ 13.5
Expense for new warranties	4.7	1.7	12.1	7.3
Adjustments to existing accruals	(0.8)	1.8	(2.0)	2.6
Claims paid	(1.4)	(3.3)	(6.3)	(4.9)
Balance at end of period	$ 20.7	$ 18.5	$ 20.7	$ 18.5

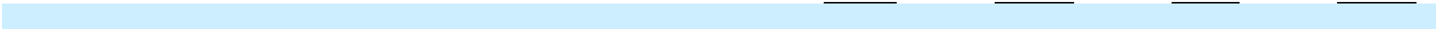
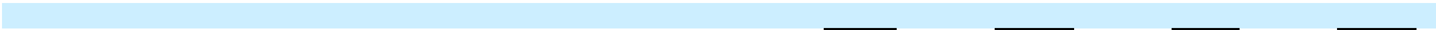
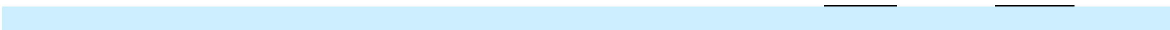
Note 7: Pension and Other Postretirement Benefits

The components of net periodic benefit cost were as follows:

Service cost	$ 9.0	$ 8.9	$ 18.2	$ 17.6
Interest cost	10.9	9.8	21.5	19.4
Expected return on plan assets	(13.5)	(11.4)	(27.3)	(22.5)
Amortization of transition asset	(0.1)	(0.1)	(0.2)	(0.2)
Amortization of prior service benefit	—	(0.1)	—	(0.1)
Amortization of actuarial losses, net	3.0	4.0	5.8	7.9
Net periodic benefit cost	$ 9.3	$ 11.1	$ 18.0	$ 22.1

Service cost	$ —	$ —	$ —	$ 0.1
Interest cost	0.1	0.2	0.2	0.3
Amortization of prior service benefit	(0.3)	(0.3)	(0.6)	(0.6)
Amortization of actuarial gains, net	—	—	(0.1)	—
Net periodic benefit cost	$ (0.2)	$ (0.1)	$ (0.5)	$ (0.2)

Foreign exchange rate instruments embedded in purchase and sale c˝ y,c b yh

Note 11: Fair Value Measurements

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- : Unadjusted quoted prices in active markets for identical assets and liabilities.
- : Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- : Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2010 and December 31, 2009, are as follows:

Assets				
Investments:				
Equity securities	$ 11.8	$11.8	$ —	$ —
Fixed Income	8.1	8.1	—	—
Cash equivalents / other	6.8	4.4	2.4	—
Derivative financial instruments:				
Foreign exchange contracts	108⁄ ł		i	

The fair value measurement of these assets is based on quoted prices that we have the ability to access in public markets.

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, we utilize our credit spread for this adjustment. Our credit spread and that 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. The derivative asset values presented in the preceding tables were reduced by $0.2 million, and the derivative liability values reduced by $0.7 million to approximate fair value, including credit risk.

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

See Note 10 for additional disclosure related to derivative financial instruments.

The fair value measurement of the earn-out contingent consideration obligation relates to the acquisition of Multi Phase Meters AS in October 2009 and is included in other long-term liabilities in the condensed consolidated balance sheets. We determined the fair value of the earn-out contingent consideration obligation using a discounted cash flow model. The key assumption used in applying the income approach is a discount rate which approximates our debt credit rating. The fair value measurement is based upon significant inputs not observable in the market. Changes in the value of the obligation are recorded as income or expense in our condensed consolidated statements of income.

Changes in the fair value of our Level 3 earn-out contingent consideration obligation during the six months ended June 30, 2010, are as follows:

In addition, under thr

Other expense, net, reflected $8.0 million in losses for the six months ended June 30, 2010, on foreign currency derivative instruments, for which hedge accounting is not applied, compared to $1.5 million in gains during the six months ended June 30, 2009. Additionally, we recognized $0.3 million in expense for the six months ended June 30, 2010, associated with investments held in an employee benefit trust for our non-qualified deferred compensation plan, compared to $1.1 million in gains during the first half of 2009.

Our income tax provisions during the first six months of 2010 and 2009 reflect efgnf 20 $1.1 mi]iom10 a1ll009 reiteecteeio $1.1rtifrume $atrumeis

Energy Processing Systems

Energy Processing Systems' revenue was $4.8 million higher for the first six months of 2010, compared to the same period in 2009. The increase was driven primarily by higher demand for fluid control products which benefited from the recovery in North American oilfield activity, and to a lesser extent, increased sales volume in our measurement solutions business. The increase was partially offset by a weakened demand for coal-fired power generation which negatively impacted revenues for our material handling systems business and postponement of liquefied natural gas infrastructure projects in 2009 and early 2010 which resulted in lower revenues for our loading systems business.

Energy Processing Systems' operating profit was consistent year-over-year; however, as a percentage of revenue, operating profit margins were 30 basis points below the comparable prior-year period. We had higher sales volume and margin improvement in our fluid control business which was more than offset by margin deterioration in all of the other businesses within the segment.

Corporate Items

Our corporate items reduced earnings by $54.5 million for the six months ended June 30, 2010, compared to $51.1 million for the same period in 2009. The increase in expense primarily reflects net mark-to-market losses related to foreign currency exposures of $8.0 million during the first half of 2010, compared to gains in the prior-year period of $1.5 million, combined with increased corporate staff expense driven by higher professional fees and departmental costs. The increase was partially offset by lower pension expense of $3.9 million resulting from a higher expected rate of return on assets. Additionally, we experienced lower medical expenses associated with our self insured medical plans in 2010 as compared to the prior year. We also recognized $0.7 million in net gains for the six months ended June 30, 2010, associated with the obligation and the investments held in an employee benefit trust for our non-qualified deferred compensation plan, compared to $2.1 million in net losses during the first half of 2009.

We generate our capital resources primarily through operations, and when needed, through various credit facilities.

We were in a net debt position at June 30, 2010. Net debt is a non-GAAP measure reflecting debt, net of cash and cash equivalents. Management uses this non-GAAP measure to evaluate our capital structure and financial leverage. We believe that net (debt) cash is a meaningful measure of our financial leverage and will assist investors in understanding our results and recognizing underlying trends. This measure supplements disclosures required by GAAP. The following table provides details of the balance sheet classifications included in net (debt) cash.

Cash and cash equivalents	$ 403.8	$ 460.7
Short-term debt and current portion of long-term debt	(14.7)	(28.5)
Long-term debt, less current portion	(585.5)	(391.6)
Net (debt) cash	$ (196.4)	$ 40.6

The change in our net (debt) cash position was primarily due to the repurchase of our common stock and capital expenditures for the six months ended June 30, 2010, combined with cash required to fund operating activities.

Cash Flows

During the six months ended June 30, 2010, we required $64.1 million in cash flows from operating activities of continuing operations compared to $203.7 million generated during the comparable prior-year period. The year-over-year change was due primarily to changes in our working capital driven by a more mature portfolio of projects, partially offset by increased net income. Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts.

During the six months ended June 30, 2010, cash flows required by investing activities totaled $36.8 million, primarily consisting of amounts required to fund capital expenditures. Capital expenditures during the six months ended June 30, 2010, decreased by $16.2 million from the prior-year period, due largely to the completion of construction on intervention assets during the first half of 2009 for Energy Production Systems. Additionally, we had $1.9 million and $18.2 million in proceeds from the disposal of assets and the sale of other investments during the first six months of 2010 and 2009, respectively.

Cash provided by financing activities was $46.4 million for the six months ended June 30, 2010, compared to cash required by financing activities of $265.3 million for the comparable prior-year period. Cash flows from operations for the six months ended June 30, 2010, were not sufficient to fund working capital requirements, capital expenditures and the repurchase of common stock, resulting in incremental borrowings of $181.8 million. Our incremental cash requirements were primarily funded with proceeds from commercial paper.

In October 2009, the Financial Accounting Standards Board issued an update to existing guidance on revenue recognition for arrangements with multiple deliverables. This update will allow co˝ Â

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

We operate manufacturing facilities in 14 countries outside of the United States, and approximately 77% of our 2009 revenue was generated internationally. Instability and unforeseen changes in the international markets in which we conduct business, including economically and politically volatile areas such as North Africa, West Africa, the Middle East, Latin America and the Asia Pacific region, could cause or contribute to factors that could have an adverse effect on the demand for our systems and services, our financial condition or our results of operations. These factors include:

- foreign currency fluctuations or currency restrictions;
- fluctuations in the interest rate component of forward foreign currency rates;
- nationalization and expropriation;
- potentially burdensome taxation;
- inflationary and recessionary markets, including capital and equity markets;
- civil unrest, labor issues, political instability, terrorist attacks, military activity and wars;
- supply disruptions in key oil producing countries;
- ability of the Organization of Petroleum Exporting Countries (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; and
- reductions in the availability of qualified personnel.

Because a significant portion of our revenue is denominated in foreign currencies, changes in exchange rates will produce fluctuations in our revenues, costs and earnings, and may also affect the book value of our assets located outside of the U.S. 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, we cannot ensure that our efforts will be successful. 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.

Compliance with U.S. regulations on trade sanctions and embargoes poses a risk to us since our business is conducted on a worldwide basis through various subsidiaries. The U.S. government restricts sales of goods and services and certain other transactions with various countries for policy and national security reasons. While these restrictions apply to U.S. entities, they do not apply to non-U.S. subsidiaries of U.S. companies so long as those entities involved comply with restrictions on U.S. content and U.S. personnel approval and facilitation. A few of our non-U.S. subsidiaries have engaged in transactions with countries subject to the U.S. restrictions; however, the aggregate amount of such sales has not exceeded 1% of our consolidated annual revenue, and is considered immaterial. Even though our non-U.S. subsidiaries may, under applicable laws and regulations, engage in transactions with various countries, as many other companies have concluded, in 2009, we adopted a policy directing our non-U.S. subsidiaries to effectuate an orderly withdrawal from doing business with the various countries. This policy prohibited entering into new commitments involving these countries, but did not require the non-U.S. subsidiaries to cease performance of existing commitments provided such commitments could be performed in compliance with all appl s ante, land mitmeidiariu aonn, nocy

We had no unregistered sales of equity securities during the three months ended June 30, 2010.

The following table summarizes repurchases of our common stock during the three months ended June 30, 2010.

April 1, 2010 – April 30, 2010	45,869	$ 64.37	43,469	

(a) Exhibits

31.1*	Certification of Chief Executive [illegible] Rule 13a-1[illegible]a).
31.[illegible]	

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

FMC TECHNOLOGIES, INC.
(Registrant)

/s/ Jay A. Nutt

Jay A. Nutt
Vice President and Controller
(Chief Accounting Officer and a Duly Authorized Officer)

Date: July 29, 2010

EXHIBIT INDEX

31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 13509 Finafn F

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I,

Exhibit 32.1

Certification
of
Chief Executive Officer
Pursuant to 18 U.S.C. 1350
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Peter D. Kinnear, Chairman and Chief Executive Officer of FMC Technologies, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2010, 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: July 29, 2010

/s/ Peter D. Kinnear

Peter D. Kinnear
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2