

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

**For the Quarterly Period Ended July 1, 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 - 001-34045**

**Colfax Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**54-1887631**

(I.R.S. Employer  
Identification Number)

**420 National Business Parkway, 5th Floor Annapolis  
Junction, Maryland**

(Address of principal executive offices)

**20701**

(Zip Code)

**(301) 323-9000**

(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

As of July 1, 2016, there were 122,659,511 shares of the registrant's common stock, par value \$.001 per share, outstanding.

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**COLFAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
Dollars in thousands, except per share amounts  
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
Net sales	\$ 957,249	\$ 1,025,375	\$ 1,834,092	\$ 1,936,445
Cost of sales	656,144	697,338	1,252,466	1,313,970
Gross profit	301,105	328,037	581,626	622,475
Selling, general and administrative expense	213,553	222,629	427,940	435,861
Restructuring and other related charges	14,490	8,834	32,158	12,587
Operating income	73,062	96,574	121,528	174,027
Interest expense	8,711	14,249	17,831	26,293
Income before income taxes	64,351	82,325	103,697	147,734
Provision for income taxes	20,388	23,496	33,524	32,630
Net income	43,963	58,829	70,173	115,104
Less: income attributable to noncontrolling interest, net of taxes	4,209	5,702	7,804	9,921
Net income attributable to Colfax Corporation	\$ 39,754	\$ 53,127	\$ 62,369	\$ 105,183
Net income per share - basic	\$ 0.32	\$ 0.43	\$ 0.51	\$ 0.85
Net income per share - diluted	\$ 0.32	\$ 0.42	\$ 0.51	\$ 0.84

See Notes to Condensed Consolidated Financial Statements.

**COLFAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
Dollars in thousands  
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
Net income	\$ 43,963	\$ 58,829	\$ 70,173	\$ 115,104
Other comprehensive (loss) income:				
Foreign currency translation, net of tax of \$2,190, \$0, \$2,436 and \$0	(134,022)	117,484	(154,064)	(72,241)
Unrealized gain (loss) on hedging activities, net of tax of \$1,181, \$11,638, \$(1,699) and \$14,428	4,233	(9,922)	(5,320)	12,259
Changes in deferred tax related to pension and other post-retirement benefit cost	—	1,707	—	3,817
Amounts reclassified from Accumulated other comprehensive loss:				
Net pension and other post-retirement benefit cost, net of tax of \$801, \$1,733, \$1,498 and \$2,671	1,308	1,858	2,708	4,074
Other comprehensive (loss) income	(128,481)	111,127	(156,676)	(52,091)
Comprehensive (loss) income	(84,518)	169,956	(86,503)	63,013
Less: comprehensive income attributable to noncontrolling interest	2,001	4,013	9,028	5,356
Comprehensive (loss) income attributable to Colfax Corporation	\$ (86,519)	\$ 165,943	\$ (95,531)	\$ 57,657

See Notes to Condensed Consolidated Financial Statements.

**COLFAX CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
Dollars in thousands, except share amounts  
(Unaudited)

	July 1, 2016	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 184,672	\$ 197,469
Trade receivables, less allowance for doubtful accounts of \$43,850 and \$39,505	906,336	888,166
Inventories, net	432,246	420,386
Other current assets	263,806	253,744
Total current assets	1,787,060	1,759,765
Property, plant and equipment, net	635,351	644,536
Goodwill	2,665,963	2,817,687
Intangible assets, net	959,308	995,712
Other assets	528,478	515,219
Total assets	\$ 6,576,160	\$ 6,732,919
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 5,611	\$ 5,792
Accounts payable	679,137	718,893
Accrued liabilities	403,156	391,659
Total current liabilities	1,087,904	1,116,344
Long-term debt, less current portion	1,399,851	1,411,755
Other liabilities	930,368	948,264
Total liabilities	3,418,123	3,476,363
Equity:		
Common stock, \$0.001 par value; 400,000,000 shares authorized; 122,659,511 and 123,486,425 issued and outstanding	123	123
Additional paid-in capital	3,189,835	3,199,267
Retained earnings	619,669	557,300
Accumulated other comprehensive loss	(844,615)	(686,715)
Total Colfax Corporation equity	2,965,012	3,069,975
Noncontrolling interest	193,025	186,581
Total equity	3,158,037	3,256,556
Total liabilities and equity	\$ 6,576,160	\$ 6,732,919

See Notes to Condensed Consolidated Financial Statements.

**COLFAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF EQUITY**  
Dollars in thousands, except share amounts and as noted  
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	Shares	\$ Amount					
Balance at January 1, 2016	123,486,425	\$ 123	\$ 3,199,267	\$ 557,300	\$ (686,715)	\$ 186,581	\$ 3,256,556
Net income	—	—	—	62,369	—	7,804	70,173
Distributions to noncontrolling owners	—	—	—	—	—	(2,584)	(2,584)
Other comprehensive (loss) income, net of tax of \$2.2 million	—	—	—	—	(157,900)	1,224	(156,676)
Stock repurchase	(1,000,000)	(1)	(20,811)	—	—	—	(20,812)
Common stock-based award activity	173,086	1	11,379	—	—	—	11,380
Balance at July 1, 2016	122,659,511	\$ 123	\$ 3,189,835	\$ 619,669	\$ (844,615)	\$ 193,025	\$ 3,158,037

See Notes to Condensed Consolidated Financial Statements.

**COLFAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Dollars in thousands  
(Unaudited)

	Six Months Ended	
	July 1, 2016	June 26, 2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 70,173	\$ 115,104
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairment charges	74,001	71,113
Stock-based compensation expense	10,967	8,716
Non-cash interest expense	2,106	8,294
Deferred income tax (benefit) provision	(528)	1,168
Changes in operating assets and liabilities:		
Trade receivables, net	(13,807)	(35,117)
Inventories, net	(7,356)	(21,522)
Accounts payable	(39,181)	(13,596)
Changes in other operating assets and liabilities	(39,963)	(67,291)
<b>Net cash provided by operating activities</b>	<b>56,412</b>	<b>66,869</b>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets, net	(25,497)	(18,318)
<b>Net cash used in investing activities</b>	<b>(25,497)</b>	<b>(18,318)</b>
<b>Cash flows from financing activities:</b>		
Borrowings under term credit facility	—	750,000
Payments under term credit facility	(18,750)	(1,214,122)
Proceeds from borrowings on revolving credit facilities and other	491,233	966,403
Repayments of borrowings on revolving credit facilities and other	(493,962)	(637,136)
Proceeds from issuance of common stock, net	413	2,987
Repurchases of common stock	(20,812)	—
Other	(5,278)	(3,625)
<b>Net cash used in financing activities</b>	<b>(47,156)</b>	<b>(135,493)</b>
<b>Effect of foreign exchange rates on Cash and cash equivalents</b>	<b>3,444</b>	<b>(6,296)</b>
Decrease in Cash and cash equivalents	(12,797)	(93,238)
Cash and cash equivalents, beginning of period	197,469	305,448
<b>Cash and cash equivalents, end of period</b>	<b>\$ 184,672</b>	<b>\$ 212,210</b>

See Notes to Condensed Consolidated Financial Statements.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## **1. General**

Colfax Corporation (the “Company” or “Colfax”) is a diversified global industrial manufacturing and engineering company that provides gas- and fluid-handling and fabrication technology products and services to customers around the world under the Howden, ESAB and Colfax Fluid Handling brand names.

The Condensed Consolidated Financial Statements included in this quarterly report have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) and accounting principles generally accepted in the United States of America (“GAAP”) for interim financial statements.

The Condensed Consolidated Balance Sheet as of December 31, 2015 is derived from the Company’s audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted in accordance with the SEC’s rules and regulations for interim financial statements. The Condensed Consolidated Financial Statements included herein should be read in conjunction with the audited financial statements and related footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”), filed with the SEC on February 16, 2016.

The Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments, which consist solely of normal recurring adjustments, necessary to present fairly the Company’s financial position and results of operations as of and for the periods indicated. Significant intercompany transactions and accounts are eliminated in consolidation.

The Company makes certain estimates and assumptions in preparing its Condensed Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses for the periods presented. Actual results may differ from those estimates.

The results of operations for the three and six months ended July 1, 2016 are not necessarily indicative of the results of operations that may be achieved for the full year. Quarterly results are affected by seasonal variations in the Company’s business. As our gas- and fluid-handling customers seek to fully utilize capital spending budgets before the end of the year, historically our shipments have peaked during the fourth quarter. Also, all of our European operations typically experience a slowdown during the July and August and December holiday seasons. General economic conditions may, however, impact future seasonal variations.

## **2. Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU No. 2014-09”). ASU No. 2014-09 clarifies the principles for recognizing 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. This guidance affects entities that enter into contracts with customers to transfer goods or services, and supersedes prior GAAP guidance, namely Accounting Standards Codification Topic 605 — Revenue Recognition. ASU 2014-09 is to be applied on a full or modified retrospective basis. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606) — Deferral of the Effective Date”, which delays the effective date of ASU No. 2014-09 by one year. As a result, ASU No. 2014-09 will be effective for fiscal years beginning after December 15, 2017, with early adoption permitted but not prior to the original effective date of annual periods beginning after December 15, 2016. During the six months ended July 1, 2016, the FASB issued three additional Accounting Standards Updates that clarify the original guidance as laid out in ASU No. 2014-09. These Accounting Standards Updates focus on clarification of principal versus agent considerations, performance obligations and licensing, and provides for application of certain practical expedients and narrow-scope improvements. The Company plans to apply these Accounting Standards Updates on a full retrospective basis as of January 1, 2018 and is currently evaluating the impact on its Consolidated Financial Statements.

In July 2015, the FASB issued ASU No. 2015-11, “Inventory (Topic 330) — Simplifying the Measurement of Inventory” (“ASU No. 2015-11”). ASU No. 2015-11 requires an entity to measure inventory at the lower of cost and net realizable value, except for inventory that is measured using the last-in, first-out method or the retail inventory method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. ASU No. 2015-11 is effective for fiscal years beginning after December 15, 2016 and is to be applied prospectively with early adoption permitted. The Company is currently evaluating the impact of adopting ASU No. 2015-11 on its Consolidated Financial Statements.



**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

In September 2015, the FASB issued ASU No. 2015-16, “Business Combinations (Topic 805) — Simplifying the Accounting for Measurement-Period Adjustments” (“ASU No. 2015-16”). ASU No. 2015-16 aims to simplify measurement period adjustments resulting from business combinations by requiring that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date, will be recorded in the same period’s financial statements as the measurement period adjustment. ASU No. 2015-16 is effective for fiscal years beginning after December 15, 2015, and is to be applied prospectively to adjustments to provisional amounts that occur after the effective date of ASU No. 2015-16. The adoption of ASU No. 2015-16 during the six months ended July 1, 2016 did not have a material impact on the Company’s Condensed Consolidated Financial Statements. See Note 3, “Acquisitions” for measurement period adjustments made during the six months ended July 1, 2016, related to acquisitions that occurred during the year ended December 31, 2015.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases (Topic 842)” (“ASU No. 2016-02”). ASU No. 2016-02 requires a lessee to recognize assets and liabilities associated with the rights and obligations attributable to most leases but also recognize expenses similar to current lease accounting. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The new guidance must be adopted using a modified retrospective transition and provides for certain practical expedients. The Company is currently evaluating the impact of adopting ASU No. 2016-02 on its Consolidated Financial Statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, “Compensation - Stock Compensation (Topic 718) — Improvements to Employee Share-Based Payment Accounting” (“ASU No. 2016-09”). ASU No. 2016-09 is effective for fiscal periods beginning after December 15, 2016 with early adoption permitted. ASU No. 2016-09 aims to simplify the accounting for shared based payment accounting by recording all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement, eliminates the requirement that excess tax benefits be realized before they can be recognized, and provides the option to make an entity-wide accounting policy election to continue to estimate the amount of awards that are expected to vest or account for forfeitures as they occur. The effect for excess tax benefits not previously recognized will be recorded as a cumulative adjustment to retained earnings pursuant to a modified retrospective adoption method. Excess tax benefits and deficiencies will be accounted for as discrete items in the period the stock awards vest or otherwise are settled. Further, the guidance will require that excess tax benefits be presented as an operating activity on the statement of cash flows consistent with other income tax cash flows. ASU No. 2016-09 also increases share based withholding up to the maximum statutory tax rates in the applicable jurisdictions without causing the award to be classified as a liability. All provisions of ASU No. 2016-09 must be adopted in the same period. The Company plans to adopt ASU No. 2016-09 in the annual period beginning January 1, 2017. The Company is currently evaluating the impact of adopting ASU No. 2016-09 on its Consolidated Financial Statements.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU No. 2016-13”). ASU No. 2016-13 is effective for fiscal periods beginning after December 15, 2019 with early adoption permitted. ASU No. 2016-13 eliminates the probable initial recognition threshold under current U.S. GAAP and broadens the information an entity must consider when developing its expected credit loss estimates to include forecast information that affects the collectibility of the reported amount. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its Consolidated Financial Statements.

### **3. Acquisitions**

The Company completed the acquisitions of the Roots™ blowers and compressors business unit, also known as Industrial Air & Gas Technologies, from GE Oil & Gas (“Roots”) on June 30, 2015, and Simsmart Technologies, Inc. (“Simsmart”) on October 5, 2015. During the six months ended July 1, 2016 the Company adjusted provisional amounts with respect to these acquisitions that were recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. The aggregate adjustments, primarily attributable to the Company’s valuation of inventory and revision of estimates based on additional information obtained for a specific environmental reserve increased the Goodwill balance by \$1.3 million during the six months ended July 1, 2016.

The Company continues to evaluate the acquired assets and liabilities assumed for Simsmart during the measurement period as certain valuations and studies have yet to be finalized, and accordingly, the assets acquired and liabilities assumed are subject to adjustment once the detailed analyses are complete.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**4. Net Income Per Share**

Net income per share was computed as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
<b>(In thousands, except share data)</b>				
<i>Computation of Net income per share - basic:</i>				
Net income attributable to Colfax Corporation	\$ 39,754	\$ 53,127	\$ 62,369	\$ 105,183
Weighted-average shares of Common stock outstanding - basic	122,827,512	124,250,487	122,958,853	124,103,220
Net income per share - basic	\$ 0.32	\$ 0.43	\$ 0.51	\$ 0.85
<i>Computation of Net income per share - diluted:</i>				
Net income attributable to Colfax Corporation	\$ 39,754	\$ 53,127	\$ 62,369	\$ 105,183
Weighted-average shares of Common stock outstanding - basic	122,827,512	124,250,487	122,958,853	124,103,220
Net effect of potentially dilutive securities - stock options and restricted stock units	208,945	1,011,251	184,584	1,078,247
Weighted-average shares of Common stock outstanding - diluted	123,036,457	125,261,738	123,143,437	125,181,467
Net income per share - diluted	\$ 0.32	\$ 0.42	\$ 0.51	\$ 0.84

The weighted-average computation of the dilutive effect of potentially issuable shares of Common stock under the treasury stock method for the three months ended July 1, 2016 and June 26, 2015 excludes approximately 5.2 million and 2.2 million of outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive. The weighted-average computation of the dilutive effect of potentially issuable shares of Common stock under the treasury stock method for the six months ended July 1, 2016 and June 26, 2015 excludes approximately 5.1 million and 2.1 million of outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

**5. Income Taxes**

During the three and six months ended July 1, 2016, Income before income taxes was \$64.4 million and \$103.7 million, respectively, while the Provision for income taxes was \$20.4 million and \$33.5 million, respectively. The effective tax rates were 31.7% and 32.3% for the three and six months ended July 1, 2016, respectively, which differ from the U.S. federal statutory rate primarily due to international tax rates, which are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit is not expected to be recognized in 2016.

During the three and six months ended June 26, 2015, Income before income taxes was \$82.3 million and \$147.7 million, respectively, while the Provision for income taxes was \$23.5 million and \$32.6 million, respectively. The effective tax rate was 28.5% for the three months ended June 26, 2015, which differs from the U.S. federal statutory rate primarily due to international tax rates, which are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2015. The effective tax rate was 22.1% for the six months ended June 26, 2015, which differs from the U.S. federal statutory rate primarily due to a tax benefit of \$13.0 million associated with the resolution of certain liabilities for unrecognized tax benefits and international tax rates, which are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2015.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**6. Equity**

*Share Repurchase Program*

On October 11, 2015, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of the Company's Common stock from time-to-time on the open market or in privately negotiated transactions. The repurchase program is authorized until December 31, 2016. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors.

During the six months ended July 1, 2016, the Company repurchased 1,000,000 shares of its Common stock in open market transactions for approximately \$20.8 million under a plan complying with Rule 10b5-1 under the Securities Exchange Act of 1934. As of July 1, 2016, the remaining stock repurchase authorization provided by the Company's Board of Directors is approximately \$52 million.

*Share-Based Payments*

On May 13, 2016, the Company's Board of Directors and stockholders approved the Colfax Corporation 2016 Omnibus Incentive Plan (the "2016 Plan"). Under the 2016 Plan, the Company has reserved up to 10.5 million shares of Common stock for potential issuance as stock-based awards. Upon approval of the 2016 Plan, awards are no longer granted under the previously existing Colfax Corporation Omnibus Incentive Plan, as amended and restated on April 2, 2012.

*Accumulated Other Comprehensive Loss*

The following tables present the changes in the balances of each component of Accumulated other comprehensive loss including reclassifications out of Accumulated other comprehensive loss for the six months ended July 1, 2016 and June 26, 2015. All amounts are net of tax and noncontrolling interest.

	<b>Accumulated Other Comprehensive Loss Components</b>			
	<b>Net Unrecognized Pension And Other Post-Retirement Benefit Cost</b>	<b>Foreign Currency Translation Adjustment</b>	<b>Unrealized Gain On Hedging Activities</b>	<b>Total</b>
	(In thousands)			
Balance at January 1, 2016	\$ (193,258)	\$ (528,620)	\$ 35,163	\$ (686,715)
Other comprehensive income (loss) before reclassifications:				
Foreign currency translation adjustment	468	(131,583)	779	(130,336)
Loss on long-term intra-entity foreign currency transactions	—	(25,021)	—	(25,021)
Loss on net investment hedges	—	—	(5,705)	(5,705)
Unrealized gain on cash flow hedges	—	—	454	454
Other comprehensive income (loss) before reclassifications	468	(156,604)	(4,472)	(160,608)
Amounts reclassified from Accumulated other comprehensive loss	2,708	—	—	2,708
Net current period Other comprehensive income (loss)	3,176	(156,604)	(4,472)	(157,900)
Balance at July 1, 2016	\$ (190,082)	\$ (685,224)	\$ 30,691	\$ (844,615)

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

	<b>Accumulated Other Comprehensive Loss Components</b>			
	<b>Net Unrecognized Pension And Other Post-Retirement Benefit Cost</b>	<b>Foreign Currency Translation Adjustment</b>	<b>Unrealized Gain On Hedging Activities</b>	<b>Total</b>
	<b>(In thousands)</b>			
Balance at January 1, 2015	\$ (240,513)	\$ (227,059)	\$ 23,881	\$ (443,691)
Other comprehensive income (loss) before reclassifications:				
Foreign currency translation adjustment	4,530	(76,639)	(155)	(72,264)
Gain on long-term intra-entity foreign currency transactions	—	4,620	—	4,620
Gain on net investment hedges	—	—	10,212	10,212
Unrealized gain on cash flow hedges	—	—	2,015	2,015
Other	3,817	—	—	3,817
Other comprehensive income (loss) before reclassifications	8,347	(72,019)	12,072	(51,600)
Amounts reclassified from Accumulated other comprehensive loss	4,074	—	—	4,074
Net current period Other comprehensive income (loss)	12,421	(72,019)	12,072	(47,526)
Balance at June 26, 2015	\$ (228,092)	\$ (299,078)	\$ 35,953	\$ (491,217)

The effect on Net income of amounts reclassified out of each component of Accumulated other comprehensive loss for the three and six months ended July 1, 2016 and June 26, 2015 is as follows:

	<b>Three Months Ended July 1, 2016</b>			<b>Six Months Ended July 1, 2016</b>		
	<b>Amounts Reclassified From Accumulated Other Comprehensive Loss</b>	<b>Tax Benefit</b>	<b>Total</b>	<b>Amounts Reclassified From Accumulated Other Comprehensive Loss</b>	<b>Tax Benefit</b>	<b>Total</b>
	<b>(In thousands)</b>					
<b>Pension and other post-retirement benefit cost:</b>						
Amortization of net loss <sup>(1)</sup>	\$ 2,047	\$ (775)	\$ 1,272	\$ 4,082	\$ (1,450)	\$ 2,632
Amortization of prior service cost <sup>(1)</sup>	62	(26)	36	124	(48)	76
	\$ 2,109	\$ (801)	\$ 1,308	\$ 4,206	\$ (1,498)	\$ 2,708

	<b>Three Months Ended June 26, 2015</b>			<b>Six Months Ended June 26, 2015</b>		
	<b>Amounts Reclassified From Accumulated Other Comprehensive Loss</b>	<b>Tax Benefit</b>	<b>Total</b>	<b>Amounts Reclassified From Accumulated Other Comprehensive Loss</b>	<b>Tax Benefit</b>	<b>Total</b>
	<b>(In thousands)</b>					
<b>Pension and other post-retirement benefit cost:</b>						
Amortization of net loss <sup>(1)</sup>	\$ 3,522	\$ (1,733)	\$ 1,789	\$ 6,614	\$ (2,671)	\$ 3,943
Amortization of prior service cost <sup>(1)</sup>	69	—	69	131	—	131
	\$ 3,591	\$ (1,733)	\$ 1,858	\$ 6,745	\$ (2,671)	\$ 4,074

<sup>(1)</sup>Included in the computation of net periodic benefit (income) cost. See Note 10, "Net Periodic Benefit Cost - Defined Benefit Plans" for additional details.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

During the six months ended July 1, 2016, Noncontrolling interest increased by \$1.2 million as a result of Other comprehensive income, primarily due to foreign currency translation adjustment. During the six months ended June 26, 2015, Noncontrolling interest decreased by \$4.6 million as a result of Other comprehensive loss, primarily due to foreign currency translation adjustment.

**7. Inventories, Net**

Inventories, net consisted of the following:

	July 1, 2016	December 31, 2015
	(In thousands)	
Raw materials	\$ 154,122	\$ 160,640
Work in process	84,952	68,541
Finished goods	256,344	243,209
	495,418	472,390
Less: customer progress payments	(16,390)	(15,876)
Less: allowance for excess, slow-moving and obsolete inventory	(46,782)	(36,128)
Inventories, net	\$ 432,246	\$ 420,386

**8. Debt**

Long-term debt consisted of the following:

	July 1, 2016	December 31, 2015
	(In thousands)	
Term loans	\$ 695,751	\$ 713,175
Trade receivables financing arrangement	83,124	75,800
Revolving credit facilities and other	626,587	628,572
Total Debt	1,405,462	1,417,547
Less: current portion	(5,611)	(5,792)
Long-term debt	\$ 1,399,851	\$ 1,411,755

The Company is party to a credit agreement by and among the Company, as the borrower, certain U.S. subsidiaries of the Company identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator (the "Credit Agreement").

The Company had an original issue discount of \$6.4 million and deferred financing fees of \$7.1 million included in its Condensed Consolidated Balance Sheet as of July 1, 2016, which will be accreted to Interest expense, primarily using the effective interest method, over the life of the Credit Agreement. As of July 1, 2016, the weighted-average interest rate of borrowings under the Credit Agreement was 1.87%, excluding accretion of original issue discount, and there was \$771.8 million available on the revolving credit facility.

The Company is also party to letter of credit facilities with total capacity of \$743.3 million. Total letters of credit of \$348.2 million were outstanding as of July 1, 2016.

The Company is party to a receivables financing facility through a wholly-owned, special purpose bankruptcy-remote subsidiary which purchases trade receivables from certain of the Company's subsidiaries on an ongoing basis and pledges them to support its obligation as borrower under the receivables financing facility. This special purpose subsidiary has a separate legal existence from its parent and its assets are not available to satisfy the claims of creditors of the selling subsidiaries or any other member of the consolidated group. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the program limit of \$95 million. As of July 1, 2016, the total outstanding borrowings under the receivables financing facility were \$83.1 million and the interest rate was 1.29%. The scheduled termination date for the receivables financing facility is December 20, 2016 and may be extended from time to time.

As of July 1, 2016, the Company is in compliance with the covenants under the Credit Agreement.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**9. Accrued Liabilities**

Accrued liabilities in the Condensed Consolidated Balance Sheets consisted of the following:

	<b>July 1, 2016</b>	<b>December 31, 2015</b>
	<b>(In thousands)</b>	
Accrued payroll	\$ 108,459	\$ 99,383
Advance payment from customers	42,583	45,590
Accrued taxes	47,214	51,834
Accrued asbestos-related liability	52,470	48,780
Warranty liability - current portion	36,172	36,128
Accrued restructuring liability - current portion	14,380	12,918
Accrued third-party commissions	9,333	10,275
Other	92,545	86,751
<b>Accrued liabilities</b>	<b>\$ 403,156</b>	<b>\$ 391,659</b>

*Warranty Liability*

The activity in the Company's warranty liability consisted of the following:

	<b>Six Months Ended</b>	
	<b>July 1, 2016</b>	<b>June 26, 2015</b>
	<b>(In thousands)</b>	
Warranty liability, beginning of period	\$ 37,407	\$ 51,135
Accrued warranty expense	13,750	8,685
Changes in estimates related to pre-existing warranties	2,322	(2,696)
Cost of warranty service work performed	(16,839)	(12,641)
Foreign exchange translation effect	705	(2,013)
<b>Warranty liability, end of period</b>	<b>\$ 37,345</b>	<b>\$ 42,470</b>

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

*Accrued Restructuring Liability*

The Company's restructuring programs include a series of restructuring actions to reduce the structural costs of the Company.

A summary of the activity in the Company's restructuring liability included in Accrued liabilities and Other liabilities in the Condensed Consolidated Balance Sheets is as follows:

	Six Months Ended July 1, 2016				
	Balance at Beginning of Period	Provisions	Payments	Foreign Currency Translation	Balance at End of Period <sup>(3)</sup>
(In thousands)					
<b>Restructuring and other related charges:</b>					
<b>Gas and Fluid Handling:</b>					
Termination benefits <sup>(1)</sup>	\$ 3,979	\$ 13,326	\$ (7,405)	\$ (24)	\$ 9,876
Facility closure costs <sup>(2)</sup>	2,657	3,489	(6,007)	106	245
	<u>6,636</u>	<u>16,815</u>	<u>(13,412)</u>	<u>82</u>	<u>10,121</u>
Non-cash charges		874			
		<u>17,689</u>			
<b>Fabrication Technology:</b>					
Termination benefits <sup>(1)</sup>	6,031	10,396	(13,291)	(38)	3,098
Facility closure costs <sup>(2)</sup>	426	2,761	(1,884)	(35)	1,268
	<u>6,457</u>	<u>13,157</u>	<u>(15,175)</u>	<u>(73)</u>	<u>4,366</u>
Non-cash charges		1,312			
		<u>14,469</u>			
<b>Corporate and Other:</b>					
Facility closure costs <sup>(2)</sup>	625	—	(138)	(53)	434
	<u>625</u>	<u>—</u>	<u>(138)</u>	<u>(53)</u>	<u>434</u>
	<u>\$ 13,718</u>	<u>29,972</u>	<u>\$ (28,725)</u>	<u>\$ (44)</u>	<u>\$ 14,921</u>
Non-cash charges		2,186			
		<u>\$ 32,158</u>			

<sup>(1)</sup> Includes severance and other termination benefits, including outplacement services. The Company recognizes the cost of involuntary termination benefits at the communication date or ratably over any remaining expected future service period. Voluntary termination benefits are recognized as a liability and an expense when employees accept the offer and the amount can be reasonably estimated.

<sup>(2)</sup> Includes the cost of relocating associates, relocating equipment and lease termination expense in connection with the closure of facilities.

<sup>(3)</sup> As of July 1, 2016, \$14.4 million and \$0.5 million of the Company's restructuring liability was included in Accrued liabilities and Other liabilities, respectively.

The Company expects to incur restructuring and other related charges of approximately \$48 million during the remainder of 2016 related to these restructuring activities.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**10. Net Periodic Benefit Cost - Defined Benefit Plans**

The following table sets forth the components of net periodic benefit (income) cost of the Company's defined benefit pension plans and other post-retirement employee benefit plans:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
(In thousands)				
<b>Pension Benefits-U.S. Plans:</b>				
Service cost	\$ 48	\$ —	\$ 96	\$ —
Interest cost	4,353	4,288	8,705	8,581
Expected return on plan assets	(6,120)	(6,019)	(12,241)	(12,039)
Amortization	1,619	1,898	3,234	3,799
Net periodic benefit (income) cost	\$ (100)	\$ 167	\$ (206)	\$ 341
<b>Pension Benefits-Non U.S. Plans:</b>				
Service cost	\$ 856	\$ 818	\$ 1,691	\$ 2,025
Interest cost	8,716	9,777	17,160	19,536
Expected return on plan assets	(7,979)	(9,153)	(16,200)	(17,809)
Amortization	426	1,501	844	2,579
Net periodic benefit cost	\$ 2,019	\$ 2,943	\$ 3,495	\$ 6,331
<b>Other Post-Retirement Benefits:</b>				
Service cost	\$ 15	\$ 51	\$ 31	\$ 102
Interest cost	313	313	625	639
Amortization	64	192	128	367
Net periodic benefit cost	\$ 392	\$ 556	\$ 784	\$ 1,108



**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**11. Financial Instruments and Fair Value Measurements**

The carrying values of financial instruments, including Trade receivables and Accounts payable, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's debt of \$1.4 billion as of both July 1, 2016 and December 31, 2015 was based on current interest rates for similar types of borrowings and is in Level Two of the fair value hierarchy. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

A summary of the Company's assets and liabilities that are measured at fair value for each fair value hierarchy level for the periods presented is as follows:

	July 1, 2016			
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 21,322	\$ —	\$ —	\$ 21,322
Foreign currency contracts related to sales - designated as hedges	—	2,033	—	2,033
Foreign currency contracts related to sales - not designated as hedges	—	658	—	658
Foreign currency contracts related to purchases - designated as hedges	—	4,271	—	4,271
Foreign currency contracts related to purchases - not designated as hedges	—	161	—	161
Deferred compensation plans	—	4,034	—	4,034
	<u>\$ 21,322</u>	<u>\$ 11,157</u>	<u>\$ —</u>	<u>\$ 32,479</u>
<i>Liabilities:</i>				
Foreign currency contracts related to sales - designated as hedges	\$ —	\$ 9,670	\$ —	\$ 9,670
Foreign currency contracts related to sales - not designated as hedges	—	515	—	515
Foreign currency contracts related to purchases - designated as hedges	—	580	—	580
Foreign currency contracts related to purchases - not designated as hedges	—	467	—	467
Deferred compensation plans	—	4,034	—	4,034
	<u>\$ —</u>	<u>\$ 15,266</u>	<u>\$ —</u>	<u>\$ 15,266</u>
December 31, 2015				
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 22,516	\$ —	\$ —	\$ 22,516
Foreign currency contracts related to sales - designated as hedges	—	988	—	988
Foreign currency contracts related to sales - not designated as hedges	—	664	—	664
Foreign currency contracts related to purchases - designated as hedges	—	1,554	—	1,554
Foreign currency contracts related to purchases - not designated as hedges	—	338	—	338
Deferred compensation plans	—	4,000	—	4,000
	<u>\$ 22,516</u>	<u>\$ 7,544</u>	<u>\$ —</u>	<u>\$ 30,060</u>
<i>Liabilities:</i>				
Foreign currency contracts related to sales - designated as hedges	\$ —	\$ 6,368	\$ —	\$ 6,368
Foreign currency contracts related to sales - not designated as hedges	—	969	—	969
Foreign currency contracts related to purchases - designated as hedges	—	322	—	322
Foreign currency contracts related to purchases - not designated as hedges	—	128	—	128
Deferred compensation plans	—	4,000	—	4,000
	<u>\$ —</u>	<u>\$ 11,787</u>	<u>\$ —</u>	<u>\$ 11,787</u>

There were no transfers in or out of Level One, Two or Three during the six months ended July 1, 2016.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**Foreign Currency Contracts**

As of July 1, 2016 and December 31, 2015, the Company had foreign currency contracts with the following notional values:

	July 1, 2016	December 31, 2015
	(In thousands)	
Foreign currency contracts sold - not designated as hedges	\$ 87,767	\$ 119,653
Foreign currency contracts sold - designated as hedges	187,661	206,366
Foreign currency contracts purchased - not designated as hedges	33,021	41,480
Foreign currency contracts purchased - designated as hedges	67,351	62,794
<b>Total foreign currency derivatives</b>	<b>\$ 375,800</b>	<b>\$ 430,293</b>

The Company recognized the following in its Condensed Consolidated Financial Statements related to its derivative instruments:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(In thousands)			
<b>Contracts Designated as Hedges:</b>				
Foreign Currency Contracts - related to customer sales contracts:				
Unrealized gain	\$ 2,063	\$ 6,267	\$ 858	\$ 508
Realized (loss) gain	(4,741)	3,050	(2,372)	3,502
Foreign Currency Contracts - related to supplier purchase contracts:				
Unrealized (loss) gain	(894)	2,229	(1,241)	(324)
Realized gain (loss)	2,678	(3,263)	2,711	(1,950)
Unrealized gain (loss) on net investment hedges <sup>(1)</sup>	4,868	(18,473)	(5,705)	10,212
<b>Contracts Not Designated in a Hedge Relationship:</b>				
Foreign Currency Contracts - related to customer sales contracts:				
Unrealized (loss) gain	(1,581)	1,746	447	2,272
Realized (loss)	(78)	(535)	(91)	(4,261)
Foreign Currency Contracts - related to supplier purchases contracts:				
Unrealized gain (loss)	520	531	(516)	387
Realized (loss) gain	(225)	(165)	(261)	414

<sup>(1)</sup> The unrealized gain (loss) on net investment hedges is attributable to the change in valuation of Euro denominated debt.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**12. Commitments and Contingencies**

For further description of the Company's litigation and contingencies, reference is made to Note 15, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements in our 2015 Form 10-K.

***Asbestos and Other Product Liability Contingencies***

Claims activity since December 31 related to asbestos claims is as follows<sup>(1)</sup>:

	Six Months Ended	
	July 1, 2016	June 26, 2015
	(Number of claims)	
Claims unresolved, beginning of period	20,583	21,681
Claims filed <sup>(2)</sup>	2,908	2,502
Claims resolved <sup>(3)</sup>	(2,283)	(2,180)
Claims unresolved, end of period	21,208	22,003

<sup>(1)</sup> Excludes claims filed by one legal firm that have been "administratively dismissed."

<sup>(2)</sup> Claims filed include all asbestos claims for which notification has been received or a file has been opened.

<sup>(3)</sup> Claims resolved include all asbestos claims that have been settled, dismissed or that are in the process of being settled or dismissed based upon agreements or understandings in place with counsel for the claimants.

The Company's Condensed Consolidated Balance Sheets included the following amounts related to asbestos-related litigation:

	July 1, 2016		December 31, 2015	
	(In thousands)			
Current asbestos insurance asset <sup>(1)</sup>	\$	29,678	\$	28,872
Long-term asbestos insurance asset <sup>(2)</sup>		271,238		284,095
Long-term asbestos insurance receivable <sup>(2)</sup>		112,428		96,007
Accrued asbestos liability <sup>(3)</sup>		52,470		48,780
Long-term asbestos liability <sup>(4)</sup>		335,028		350,394

<sup>(1)</sup> Included in Other current assets in the Condensed Consolidated Balance Sheets.

<sup>(2)</sup> Included in Other assets in the Condensed Consolidated Balance Sheets.

<sup>(3)</sup> Represents current reserves for probable and reasonably estimable asbestos-related liability cost that the Company believes its subsidiaries will pay through the next 15 years, overpayments by certain insurers and unpaid legal costs related to defending themselves against asbestos-related liability claims and legal action against the Company's insurers, which is included in Accrued liabilities in the Condensed Consolidated Balance Sheets.

<sup>(4)</sup> Included in Other liabilities in the Condensed Consolidated Balance Sheets.

Management's analyses are based on currently known facts and a number of assumptions. However, projecting future events, such as new claims to be filed each year, the average cost of resolving each claim, coverage issues among layers of insurers, the method in which losses will be allocated to the various insurance policies, interpretation of the effect on coverage of various policy terms and limits and their interrelationships, the continuing solvency of various insurance companies, the amount of remaining insurance available, as well as the numerous uncertainties inherent in asbestos litigation could cause the actual liabilities and insurance recoveries to be higher or lower than those projected or recorded which could materially affect the Company's financial condition, results of operations or cash flow.

### **Other Litigation Matters**

The Lincoln Electric Company and Lincoln Global, Inc. (collectively, “Lincoln Electric”) filed suit against The ESAB Group, Inc. and ESAB AB in the United States District Court, Eastern District of Texas, alleging infringement of certain patents allegedly owned by Lincoln Electric. The complaint, as amended, seeks undisclosed damages plus interest, an award of attorneys’ fees and expenses, and injunctive relief. The defendants answered the complaint, denying Lincoln Electric’s infringement allegations and asserting affirmative defenses, on October 20, 2015. The litigation is in an early stage, and is not expected to have a material adverse effect on the financial condition, results of operations or cash flow of the Company. The defendants are vigorously defending against the claims.

The Company is also involved in various other pending legal proceedings arising out of the ordinary course of the Company’s business. None of these legal proceedings are expected to have a material adverse effect on the financial condition, results of operations or cash flow of the Company. With respect to these proceedings and the litigation and claims described in the preceding paragraphs, management of the Company believes that it will either prevail, has adequate insurance coverage or has established appropriate accruals to cover potential liabilities. Any costs that management estimates may be paid related to these proceedings or claims are accrued when the liability is considered probable and the amount can be reasonably estimated. There can be no assurance, however, as to the ultimate outcome of any of these matters, and if all or substantially all of these legal proceedings were to be determined adverse to the Company, there could be a material adverse effect on the financial condition, results of operations or cash flow of the Company.

### **13. Segment Information**

The Company conducts its operations through three operating segments: gas handling, fluid handling and fabrication technology. The gas-handling and fluid-handling operating segments are aggregated into a single reportable segment. A description of the Company’s reportable segments is as follows:

- **Gas and Fluid Handling** - a global supplier of a broad range of gas- and fluid-handling products, including heavy-duty centrifugal and axial fans, rotary heat exchangers, gas compressors, pumps, fluid-handling systems, controls and specialty valves, which serves customers in the power generation, oil, gas and petrochemical, mining, marine (including defense) and general industrial and other end markets; and
- **Fabrication Technology** - a global supplier of welding equipment and consumables, cutting equipment and consumables and automated welding and cutting systems.

Certain amounts not allocated to the two reportable segments and intersegment eliminations are reported under the heading “Corporate and other.” The Company’s management evaluates the operating results of each of its reportable segments based upon Net sales and segment operating income (loss), which represents Operating income (loss) before Restructuring and other related charges.

**COLFAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

The Company's segment results were as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
<b>(In thousands)</b>				
<b>Net sales:</b>				
Gas and fluid handling	\$ 483,692	\$ 504,875	\$ 916,430	\$ 927,084
Fabrication technology	473,557	520,500	917,662	1,009,361
	\$ 957,249	\$ 1,025,375	\$ 1,834,092	\$ 1,936,445
<b>Segment operating income (loss)<sup>(1)</sup>:</b>				
Gas and fluid handling	\$ 45,093	\$ 64,206	\$ 79,016	\$ 100,463
Fabrication technology	54,471	53,874	100,356	111,220
Corporate and other	(12,012)	(12,672)	(25,686)	(25,069)
	\$ 87,552	\$ 105,408	\$ 153,686	\$ 186,614

<sup>(1)</sup> The following is a reconciliation of Income before income taxes to segment operating income:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
<b>(In thousands)</b>				
Income before income taxes	\$ 64,351	\$ 82,325	\$ 103,697	\$ 147,734
Interest expense	8,711	14,249	17,831	26,293
Restructuring and other related charges	14,490	8,834	32,158	12,587
Segment operating income	\$ 87,552	\$ 105,408	\$ 153,686	\$ 186,614

The detail of the Company's Net sales by product type is as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
<b>(In thousands)</b>				
Gas handling	\$ 367,560	\$ 365,786	\$ 689,162	\$ 666,025
Fluid handling	116,132	139,089	227,268	261,059
Welding and cutting	473,557	520,500	917,662	1,009,361
Total Net sales	\$ 957,249	\$ 1,025,375	\$ 1,834,092	\$ 1,936,445

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of the financial condition and results of operations of Colfax Corporation (“Colfax,” “the Company,” “we,” “our,” and “us”) should be read in conjunction with the Condensed Consolidated Financial Statements and related footnotes included in Part I. Item 1. “Financial Statements” of this Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2016 (this “Form 10-Q”) and the Consolidated Financial Statements and related footnotes included in Part II. Item 8. “Financial Statements and Supplementary Data” of our Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”) filed with the Securities and Exchange Commission (the “SEC”) on February 16, 2016.*

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Form 10-Q that are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Form 10-Q is filed with the SEC. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding: projections of revenue, profit margins, expenses, tax provisions and tax rates, earnings or losses from operations, impact of foreign exchange rates, cash flows, pension and benefit obligations and funding requirements, synergies or other financial items; plans, strategies and objectives of management for future operations including statements relating to potential acquisitions, compensation plans or purchase commitments; developments, performance or industry or market rankings relating to products or services; future economic conditions or performance; the outcome of outstanding claims or legal proceedings including asbestos-related liabilities and insurance coverage litigation; potential gains and recoveries of costs; assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future. Forward-looking statements may be characterized by terminology such as “believe,” “anticipate,” “should,” “would,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “targets,” “aims,” “seeks,” “sees,” and similar expressions. These statements are based on assumptions and assessments made by our management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including but not limited to the following:

- changes in the general economy, as well as the cyclical nature of the markets we serve;
- a significant or sustained decline in commodity prices, including oil;
- our ability to identify, finance, acquire and successfully integrate attractive acquisition targets;
- our exposure to unanticipated liabilities resulting from acquisitions;
- our ability and the ability of our customers to access required capital at a reasonable cost;
- our ability to accurately estimate the cost of or realize savings from our restructuring programs;
- the amount of and our ability to estimate our asbestos-related liabilities;
- the solvency of our insurers and the likelihood of their payment for asbestos-related costs;
- material disruptions at any of our manufacturing facilities;
- noncompliance with various laws and regulations associated with our international operations, including anti-bribery laws, export control regulations and sanctions and embargoes;
- risks associated with our international operations;

- risks associated with the representation of our employees by trade unions and work councils;
- our exposure to product liability claims;
- potential costs and liabilities associated with environmental, health and safety laws and regulations;
- failure to maintain, protect and defend our intellectual property rights;
- the loss of key members of our leadership team;
- restrictions in our credit agreement entered into on June 5, 2015 by and among the Company, as the borrower, certain U.S. subsidiaries of the Company identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator (the “Credit Agreement”) that may limit our flexibility in operating our business;
- impairment in the value of intangible assets;
- the funding requirements or obligations of our defined benefit pension plans and other post-retirement benefit plans;
- significant movements in foreign currency exchange rates;
- availability and cost of raw materials, parts and components used in our products;
- new regulations and customer preferences reflecting an increased focus on environmental, social and governance issues, including new regulations related to the use of conflict minerals;
- service interruptions, data corruption, cyber-based attacks or network security breaches affecting our information technology infrastructure;
- risks arising from changes in technology;
- the competitive environment in our industry;
- changes in our tax rates or exposure to additional income tax liabilities;
- our ability to manage and grow our business and execution of our business and growth strategies;
- the level of capital investment and expenditures by our customers in our strategic markets;
- our financial performance; and
- other risks and factors, listed in Item 1A. “Risk Factors” in Part I of our 2015 Form 10-K.

Any such forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ materially from those envisaged by such forward-looking statements. These forward-looking statements speak only as of the date this Form 10-Q is filed with the SEC. We do not assume any obligation and do not intend to update any forward-looking statement except as required by law. See Part I. Item 1A. “Risk Factors” in our 2015 Form 10-K for a further discussion regarding some of the reasons that actual results may be materially different from those that we anticipate.

## Overview

We report our operations through the following reportable segments:

- **Gas and Fluid Handling** - a global supplier of a broad range of gas- and fluid-handling products, including heavy-duty centrifugal and axial fans, rotary heat exchangers, gas compressors, pumps, fluid-handling systems and controls and specialty valves, which serves customers in the power generation, oil, gas and petrochemical, mining, marine (including defense) and general industrial and other end markets; and
- **Fabrication Technology** - a global supplier of welding equipment and consumables, cutting equipment and consumables and automated welding and cutting systems.

Certain amounts not allocated to the two reportable segments and intersegment eliminations are reported under the heading “Corporate and other.”

Colfax has a global geographic footprint, with production facilities in Europe, North America, South America, Asia, Australia and Africa. Through our reportable segments, we serve a global customer base across multiple markets through a combination of direct sales and third-party distribution channels. Our customer base is highly diversified and includes commercial, industrial and government customers.

We employ a comprehensive set of tools that we refer to as the Colfax Business System (“CBS”). CBS is our business management system. It is a repeatable, teachable process that we use to create superior value for our customers, shareholders and associates. Rooted in our core values, it is our culture. CBS provides the tools and techniques to ensure that we are continuously improving our ability to meet or exceed customer requirements on a consistent basis.

## Results of Operations

The following discussion of Results of Operations addresses the comparison of the periods presented. The Company’s management evaluates the operating results of each of its reportable segments based upon Net sales and segment operating income (loss), which represents Operating income before Restructuring and other related charges.

### *Items Affecting Comparability of Reported Results*

The comparability of our operating results for the second quarter and six months ended July 1, 2016 to the comparable 2015 period is affected by the following additional significant items:

#### Strategic Acquisitions

We complement our organic growth plans with strategic acquisitions. Acquisitions can significantly affect our reported results and can complicate period to period comparisons of results. As a consequence, we report the change in our Net sales between periods both from existing and acquired businesses. Orders and order backlog are presented only for the gas- and fluid-handling segment, where this information is relevant. The change in Net sales due to acquisitions represents the change in sales due to the following acquisitions:

#### *Gas and Fluid Handling*

On June 30, 2015, Colfax completed the acquisition of the Roots™ blowers and compressors business unit (“Roots”), also known as Industrial Air & Gas Technologies, from GE Oil & Gas (the “Roots Acquisition”) for cash consideration of \$180.7 million. The acquisition builds on Howden’s global strength in compressors and blowers and adds important application expertise and product solutions to the portfolio.

On October 5, 2015, Colfax completed the acquisition of Simsmart Technologies, Inc. (“Simsmart”) for cash consideration of \$15.3 million, net of cash acquired. Simsmart provides a software product that controls ventilation conditions and increases fan efficiency. The acquisition of Simsmart expands the Howden product portfolio primarily within the mining end market and other end markets with challenging ventilation conditions.



## Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 72% and 71% for the three and six months ended July 1, 2016, respectively, is derived from operations outside the U.S., with the majority of those sales denominated in currencies other than the U.S. dollar. Because much of our manufacturing and employee costs are outside the U.S., a significant portion of our costs are also denominated in currencies other than the U.S. dollar. Changes in foreign exchange rates can impact our results of operations and are quantified when significant to our discussion. For the second quarter and six months ended July 1, 2016, changes in foreign exchange rates have reduced Net sales by approximately 4% and 5%, respectively. Changes in foreign exchange rates also reduced Income before income taxes by approximately 5% for the second quarter and six months ended July 1, 2016. The changes in foreign exchange rates since December 31, 2015 decreased net assets by approximately 4%, due primarily to significant intangible assets denominated in British pounds.

## Seasonality

As our gas- and fluid-handling customers seek to fully utilize capital spending budgets before the end of the year, historically our shipments have peaked during the fourth quarter. Also, all of our European operations typically experience a slowdown during the July and August and December holiday seasons. General economic conditions may, however, impact future seasonal variations.

## *Sales, Orders and Backlog*

Our Net sales decreased from \$1,025.4 million in the second quarter of 2015 to \$957.2 million in the second quarter of 2016. Our Net sales decreased from \$1,936.4 million in the six months ended June 26, 2015 to \$1,834.1 million in the six months ended July 1, 2016. The following tables present the components of changes in our consolidated Net sales and, for our gas- and fluid-handling segment, orders and order backlog:

	<u>Net Sales</u>		<u>Orders<sup>(1)</sup></u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
	<b>(In millions)</b>			
For the three months ended June 26, 2015	\$ 1,025.4		\$ 502.3	
<i>Components of Change:</i>				
Existing businesses <sup>(2)</sup>	(57.2)	(5.6)%	(78.0)	(15.5)%
Acquisitions <sup>(3)</sup>	28.1	2.7 %	38.4	7.6 %
Foreign currency translation <sup>(4)</sup>	(39.1)	(3.8)%	(17.0)	(3.4)%
	<u>(68.2)</u>	<u>(6.7)%</u>	<u>(56.6)</u>	<u>(11.3)%</u>
For the three months ended July 1, 2016	<u>\$ 957.2</u>		<u>\$ 445.7</u>	

	Net Sales		Orders <sup>(1)</sup>		Backlog at Period End	
	\$	%	\$	%	\$	%
(In millions)						
As of and for the six months ended June 26, 2015	\$ 1,936.4		\$ 949.3		\$ 1,364.4	
<i>Components of Change:</i>						
Existing businesses <sup>(2)</sup>	(59.7)	(3.1)%	(119.5)	(12.6)%	(230.7)	(16.9)%
Acquisitions <sup>(3)</sup>	50.3	2.6%	61.8	6.5%	54.4	4.0%
Foreign currency translation <sup>(4)</sup>	(92.9)	(4.8)%	(38.3)	(4.0)%	(119.2)	(8.8)%
	(102.3)	(5.3)%	(96.0)	(10.1)%	(295.5)	(21.7)%
As of and for the six months ended July 1, 2016	\$ 1,834.1		\$ 853.3		\$ 1,068.9	

<sup>(1)</sup> Represents contracts for products or services, net of cancellations for the period, for our gas- and fluid-handling segment.

<sup>(2)</sup> Excludes the impact of foreign exchange rate fluctuations and acquisitions, thus providing a measure of growth due to factors such as price, product mix and volume.

<sup>(3)</sup> Represents the incremental sales, orders and order backlog as a result of our acquisitions.

<sup>(4)</sup> Represents the difference between prior year sales, orders and order backlog valued at the actual prior year foreign exchange rates and prior year sales, orders and order backlog valued at current year foreign exchange rates.

The decrease in Net sales from existing businesses during the second quarter of 2016 compared to the second quarter of 2015 was attributable to decreases of \$35.4 million in our gas- and fluid-handling segment and \$21.8 million in our fabrication technology segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment decreased during the second quarter of 2016 compared to the second quarter of 2015 due to declines in the oil, gas and petrochemical, power generation, and general industrial and other end markets, partially offset by growth in the marine and mining end markets.

The decrease in Net sales from existing businesses during the six months ended July 1, 2016 compared to the six months ended June 26, 2015 was attributable to decreases of \$31.3 million in our fabrication technology segment and \$28.4 million in our gas- and fluid-handling segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment decreased during the six months ended July 1, 2016 compared to the six months ended June 26, 2015 due to declines in all end markets.

#### Business Segments

As discussed further above, the Company reports results in two reportable segments: gas and fluid handling and fabrication technology. The following table summarizes Net sales by reportable segment for each of the following periods:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
(In millions)				
Gas and Fluid Handling	\$ 483.7	\$ 504.9	\$ 916.4	\$ 927.1
Fabrication Technology	473.5	520.5	917.7	1,009.3
Total Net sales	\$ 957.2	\$ 1,025.4	\$ 1,834.1	\$ 1,936.4

#### Gas and Fluid Handling

We design, manufacture, install and maintain gas- and fluid-handling products for use in a wide range of markets, including power generation, oil, gas and petrochemical, mining, marine (including defense) and general industrial and other. Our gas-handling products are principally marketed under the Howden brand name. Howden's primary products are heavy-duty fans, rotary heat exchangers and compressors. The fans and heat exchangers are used in coal-fired and other types of power stations, both in combustion and emissions control applications, underground mines, steel sintering plants and other industrial facilities that require movement of large volumes of air in harsh applications. Howden's compressors are mainly used in the oil, gas and petrochemical end market. Our fluid-handling products are marketed by Colfax Fluid Handling under a portfolio of brands including Allweiler and Imo. Colfax Fluid Handling is a supplier of a broad range of fluid-handling products, including pumps, fluid-handling systems and controls, and specialty valves.

The following table summarizes selected financial data for our gas- and fluid-handling segment:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(Dollars in millions)			
Net sales	\$ 483.7	\$ 504.9	\$ 916.4	\$ 927.1
Gross profit	136.4	156.5	261.0	286.0
Gross profit margin	28.2%	31.0%	28.5%	30.8%
Restructuring and other related charges	\$ 7.1	\$ 2.7	\$ 17.7	\$ 5.3
Selling, general and administrative expense	91.3	92.2	182.0	185.5
Selling, general and administrative expense as a percentage of Net sales	18.9%	18.3%	19.9%	20.0%
Segment operating income	\$ 45.1	\$ 64.3	\$ 79.0	\$ 100.5
Segment operating income margin	9.3%	12.7%	8.6%	10.8%

The \$35.4 million Net sales decrease due to existing businesses during the second quarter of 2016 in comparison to the second quarter of 2015, as discussed and defined under “Sales, Orders and Backlog” above, was due to declines in our oil, gas, and petrochemical, general industrial and other, marine, and mining end markets, partially offset by growth in our power generation end market. Acquisition-related growth contributed \$28.1 million of Net sales in the second quarter of 2016. Changes in foreign exchange rates had a negative impact on Net sales of \$13.9 million. Gross profit decreased in the second quarter of 2016 reflecting the impact of changes in volumes and foreign exchange rates and a \$3.0 million provision for losses on specific customer contracts, that were partially offset by acquisition-related growth and a \$1.1 million insurance recovery associated with a product liability claim. Gross profit margin decreased during the second quarter of 2016 in comparison to the second quarter of 2015 primarily due to sales mix, the provision for losses discussed previously and higher warranty costs. Restructuring and other related charges increased during the second quarter of 2016 primarily due to accelerated cost reduction programs to reduce the cost structure of the Company in response to the current challenging, cyclical economic conditions. Selling, general and administrative expense for the second quarter of 2016 decreased compared to the second quarter of 2015 primarily due to changes in foreign exchange rates and cost control activities, partially offset by acquisition-related growth and a \$1.4 million impairment charge on long-lived assets at a specific North American business.

The \$28.4 million Net sales decrease due to existing businesses during the six months ended July 1, 2016 in comparison to the six months ended June 26, 2015, as discussed and defined under “Sales, Orders and Backlog” above, was due to declines in our general industrial and other, marine, and mining end markets, partially offset by growth in our power generation and oil, gas, and petrochemical end markets. Acquisition-related growth contributed \$50.3 million of Net sales during the six months ended July 1, 2016. Changes in foreign exchange rates had a negative impact on Net sales of \$32.6 million. Gross profit decreased in the six months ended July 1, 2016 reflecting the impact of changes in volumes and foreign exchange rates and a provision for losses on customer contracts, that were partially offset by acquisition-related growth and an insurance recovery, as discussed previously. Gross profit margin decreased during the six months ended July 1, 2016 in comparison to the six months ended June 26, 2015 due to decremental margins on lower volumes, contractual loss provisions, and higher warranty costs. Restructuring and other related charges increased during the six months ended July 1, 2016 primarily due to accelerated cost reduction programs, as discussed previously. Selling, general and administrative expense for the six months ended July 1, 2016 decreased compared to the six months ended June 26, 2015 primarily due to changes in foreign exchange rates and cost control activities, partially offset by acquisition-related growth and an impairment charge, as discussed previously.

#### Fabrication Technology

We formulate, develop, manufacture and supply consumable products and equipment for use in the cutting and joining of steels, aluminum and other metals and metal alloys. Our fabrication technology products are marketed under several brand names, most notably ESAB and Victor, which we believe are well known in the international cutting and welding industry. ESAB’s comprehensive range of cutting and welding consumables includes electrodes, cored and solid wire and fluxes. ESAB’s fabrication technology equipment ranges from portable welding machines to large customized cutting and automated welding systems. The Victor Acquisition complemented the geographic footprint of our fabrication technology segment and expanded our cutting equipment and consumables, gas control and specialty welding product lines. Products are sold into a wide range of end markets, including oil, gas and petrochemicals, power generation, wind power, shipbuilding, pipelines, mobile/off-highway equipment and mining.

The following table summarizes selected financial data for our fabrication technology segment:

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(Dollars in millions)			
Net sales	\$ 473.5	\$ 520.5	\$ 917.7	\$ 1,009.3
Gross profit	164.7	171.6	320.6	336.5
Gross profit margin	34.8%	33.0%	34.9%	33.3%
Restructuring and other related charges	\$ 7.4	\$ 6.2	\$ 14.5	\$ 7.3
Selling, general and administrative expense	110.2	117.7	220.2	225.2
Selling, general and administrative expense as a percentage of Net sales	23.3%	22.6%	24.0%	22.3%
Segment operating income	\$ 54.5	\$ 53.9	\$ 100.4	\$ 111.2
Segment operating income margin	11.5%	10.4%	10.9%	11.0%

The \$21.8 million Net sales decrease due to existing businesses during the second quarter of 2016 in comparison to the second quarter of 2015, as discussed and defined under “Sales, Orders and Backlog” above, was primarily the result of decreases in volumes in North America, partially offset by growth in Europe and Russia. Additionally, changes in foreign exchange rates had a negative impact on Net sales of \$25.2 million. Gross profit decreased in the second quarter of 2016 primarily due to the impact of lower volumes and changes in foreign exchange rates. The decrease was partially offset by \$1.3 million of gross profit recognized upon agreement with a customer for work performed in 2015 under a long-term contract arrangement. Gross profit margin increased during the second quarter of 2016 in comparison to the second quarter of 2015 primarily due to decreased raw material costs and the positive impact of cost control activities. Restructuring and other related charges increased during the second quarter of 2016 primarily due to accelerated cost reduction programs to reduce the cost structure of the Company in response to the current challenging, cyclical economic conditions. Selling, general and administrative expense as a percentage of Net sales increased during the second quarter of 2016 as compared to the second quarter of 2015 due to the lower volumes and legal costs of \$1.9 million related to defense of alleged patent infringement, that were partially offset by \$0.7 million of insurance recoveries associated with the litigation. See Note 12, “Commitments and Contingencies” in the accompanying Notes to Condensed Consolidated Financial Statements in this Form 10-Q for additional information on the patent infringement litigation.

The \$31.3 million Net sales decrease due to existing businesses during the six months ended July 1, 2016 in comparison to the six months ended June 26, 2015, as discussed and defined under “Sales, Orders and Backlog” above, was primarily the result of a decrease in filler metal volumes in most regions offset by three extra selling days in 2016. Selling days are more significant to fabrication technology where more products are sold from finished stock. Additionally, changes in foreign exchange rates had a negative impact on Net sales of \$60.3 million. Gross profit decreased during the six months ended July 1, 2016, primarily due to the impact of changes in foreign exchange rates and lower overall volumes partially offset by the change order settlement discussed previously. Gross profit margin increased during the six months ended July 1, 2016 in comparison to the six months ended June 26, 2015 primarily due to decreased raw material costs and the positive impact of cost control activities. Restructuring and other related charges increased during the six months ended July 1, 2016 due to the accelerated cost reduction programs mentioned previously. Selling, general and administrative expense decreased during the six months ended July 1, 2016 as compared to the six months ended June 26, 2015 as a result of cost savings from the Company’s cost reduction programs. These reductions were partially offset by asset impairment charges of \$2.3 million associated with the expected exit of a specific South American business, approximately \$3.0 million of charges associated with uncollectible accounts of specific customers, and net legal costs of \$2.2 million related to defense of alleged patent infringement. Selling, general and administrative expense as a percentage of Net sales increased during the second quarter of 2016 as compared to the second quarter of 2015 due to the lower volumes and the incremental charges discussed above.

*Gross Profit - Total Company*

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(Dollars in millions)			
Gross profit	\$ 301.1	\$ 328.0	\$ 581.6	\$ 622.5
Gross profit margin	31.5%	32.0%	31.7%	32.1%

The \$26.9 million decrease in Gross profit during the second quarter of 2016 in comparison to the second quarter of 2015 was attributable to a decreases of \$20.0 million in our gas- and fluid-handling segment and \$6.9 million in our fabrication technology segment. The \$40.9 million decrease in Gross profit during the six months ended July 1, 2016 in comparison to the six months ended June 26, 2015 was attributable to decreases of \$25.0 million in our gas- and fluid-handling segment and \$15.9 million in our fabrication technology segment. Gross profit decreased during the second quarter and six months ended July 1, 2016 in comparison to the second quarter and six months ended June 26, 2015 primarily due to changes in foreign exchange rates and lower overall volumes, partially offset by acquisition-related growth. Gross profit for the second quarter and six months ended July 1, 2016 included various incremental charges discussed previously. Gross profit margin decreased during the second quarter and six months ended July 1, 2016 in comparison to the second quarter and six months ended June 26, 2015 primarily as a result of lower margin product mix in gas- and fluid-handling offset by lower material costs in fabrication technology, as discussed previously. Changes in foreign exchange rates during the second quarter and six months ended July 1, 2016 had a \$10.4 million and \$25.7 million negative impact on Gross profit in comparison to the second quarter and six months ended June 26, 2015.

*Operating Expenses - Total Company*

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(Dollars in millions)			
Selling, general and administrative expense	\$ 213.6	\$ 222.6	\$ 427.9	\$ 435.9
Selling, general and administrative expense as a percentage of Net sales	22.3%	21.7%	23.3%	22.5%
Restructuring and other related charges	\$ 14.5	\$ 8.8	\$ 32.2	\$ 12.6

Selling, general and administrative expense decreased by \$9.0 million and \$8.0 million during the second quarter and six months ended July 1, 2016 in comparison to the second quarter and six months ended June 26, 2015. These decreases in Selling, general and administrative expense are attributable to accelerated cost reduction programs in both segments, the impact of foreign exchange rates and the insurance recovery discussed previously. These reductions were partially offset by acquisition related growth in our gas- and fluid-handling segment and incremental charges related to asset impairments in specific operations in North and South America, charges associated with uncollectible accounts of specific customers, and legal costs related to defense of alleged patent infringements discussed previously. Selling, general and administrative expense as a percentage of Net sales increased during the second quarter and six months ended July 1, 2016 as compared to the second quarter and six months ended June 26, 2015 due to the lower volumes and net incremental charges discussed above. Restructuring and other related charges increased during the second quarter and six months ended July 1, 2016 primarily due to accelerated cost reduction programs to reduce the cost structure of the Company in response to the current challenging, cyclical economic conditions.

*Interest Expense - Total Company*

	Three Months Ended		Six Months Ended	
	July 1, 2016	June 26, 2015	July 1, 2016	June 26, 2015
	(In millions)			
Interest expense	\$ 8.7	\$ 14.2	\$ 17.8	\$ 26.3

The decrease in Interest expense during the second quarter and six months ended July 1, 2016 in comparison to the second quarter and six months ended June 26, 2015 is primarily due to the decrease in outstanding borrowing levels, lower amortization of deferred financing fees and original issue discount, and lower borrowing margins resulting from the refinancing of our credit facility in June 2015. A \$4.7 million charge resulting from this refinancing is reflected in Interest expense for the second quarter and six months ended June 26, 2015.

## *Provision for Income Taxes - Total Company*

The effective tax rate for the second quarter of 2016 was 31.7%, which was lower than the U.S. federal statutory tax rate primarily due to foreign earnings where international tax rates are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit is not expected to be recognized in 2016. The effective tax rate for the second quarter of 2015 was 28.5%, which was lower than the U.S. federal statutory tax rate primarily due to international tax rates, which are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2015.

The effective tax rate for the six months ended July 1, 2016 was 32.3%, which was lower than the U.S. federal statutory tax rate primarily due to foreign earnings where international tax rates are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit is not expected to be recognized in 2016. The effective tax rate for the six months ended June 26, 2015 was 22.1%, which was lower than the U.S. federal statutory tax rate primarily due to a tax benefit of \$13.0 million associated with the resolution of certain liabilities for unrecognized tax benefits and international tax rates, which are lower than the U.S. tax rate, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2015.

## **Liquidity and Capital Resources**

### *Overview*

We have financed our capital and working capital requirements through a combination of cash flows from operating activities, borrowings under our bank credit facilities and the issuances of equity. We expect that our primary ongoing requirements for cash will be for working capital, funding of acquisitions, capital expenditures, asbestos-related cash outflows and funding of our pension plans. If determined appropriate for strategic acquisitions or other corporate purposes, we believe we could raise additional funds in the form of debt or equity.

### *Equity Capital*

On October 11, 2015, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of our Common stock from time-to-time on the open market or in privately negotiated transactions. The repurchase program is authorized until December 31, 2016. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors. During the six months ended July 1, 2016, the Company repurchased 1,000,000 shares of the Company's Common stock under a plan complying with Rule 10b5-1. As of July 1, 2016, the remaining stock repurchase authorization provided by the Company's Board of Directors is approximately \$52 million.

### *Borrowing Arrangements*

On June 5, 2015, we entered into a Credit Agreement by and among the Company, as the borrower, certain U.S. subsidiaries of the Company identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator, to extend the life of our borrowing facility to five years, adjust principal amortization, and modify the underlying covenants and security requirements.

As of July 1, 2016, the weighted-average interest rate of borrowings under the Credit Agreement was 1.87%, excluding accretion of original issue discount, and there was \$771.8 million available on the revolving credit facility.

We are also party to letter of credit facilities with total capacity of \$743.3 million. Total letters of credit of \$348.2 million were outstanding as of July 1, 2016.

The Company is party to a receivables financing facility through a wholly-owned, special purpose bankruptcy-remote subsidiary which purchases trade receivables from certain of the Company's subsidiaries on an ongoing basis and pledges them to support its obligation as borrower under the receivables financing facility. This special purpose subsidiary has a separate legal existence from its parent and its assets are not available to satisfy the claims of creditors of the selling subsidiaries or any other member of the consolidated group. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the program limit of \$95 million. As of July 1, 2016, the total outstanding borrowings under the receivables financing facility were \$83.1 million and the interest rate was 1.29%. The scheduled termination date for the receivables financing facility is December 20, 2016 and may be extended from time to time. The facility contains representations, warranties, covenants

and indemnities customary for facilities of this type. The facility does not contain any covenants that the Company views as materially constraining to the activities of its business.

Certain U.S. subsidiaries of the Company have agreed to guarantee the obligations of the Company under the Credit Agreement. The Credit Agreement contains customary covenants limiting the ability of the Company and its subsidiaries to, among other things, incur debt or liens, merge or consolidate with others, dispose of assets or make certain investments. In addition, the Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio, as defined therein, of not more than 3.5 to 1.0 and minimum interest coverage ratio, as defined therein, of 3.0 to 1.0, measured at the end of each quarter. The Credit Agreement contains various events of default (including failure to comply with the covenants under the Credit Agreement and related agreements) and upon an event of default the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the Term Loan and the Revolver. The Company is in compliance with all such covenants as of July 1, 2016. We believe that our sources of liquidity, including the Credit Agreement, are adequate to fund our operations for the next twelve months.

### Cash Flows

As of July 1, 2016, we had \$184.7 million of Cash and cash equivalents, a decrease of \$12.7 million from \$197.4 million as of December 31, 2015. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

	Six Months Ended	
	July 1, 2016	June 26, 2015
	(In millions)	
<b>Net cash provided by operating activities</b>	\$ 56.4	\$ 66.9
<b>Net cash used in investing activities</b>	(25.5)	(18.3)
Repayments of borrowings, net	(21.5)	(134.9)
Repurchases of common stock	(20.8)	—
Other	(4.7)	(0.6)
<b>Net cash used in financing activities</b>	(47.0)	(135.5)
Effect of foreign exchange rates on Cash and cash equivalents	3.4	(6.3)
Decrease in Cash and cash equivalents	\$ (12.7)	\$ (93.2)

Cash flows from operating activities can fluctuate significantly from period to period due to changes in working capital and the timing of payments for items such as pension funding and asbestos-related costs. Changes in significant operating cash flow items are discussed below.

- Net cash received or paid for asbestos-related costs, net of insurance proceeds, including the disposition of claims, defense costs and legal expenses related to litigation against our insurers, creates variability in our operating cash flows. We had net cash outflows of \$21.4 million and \$10.9 million during the six months ended July 1, 2016 and six months ended June 26, 2015, respectively.
- Funding requirements of our defined benefit plans, including pension plans and other post-retirement benefit plans, can vary significantly from period to period due to changes in the fair value of plan assets and actuarial assumptions. For the six months ended July 1, 2016 and six months ended June 26, 2015, cash contributions for defined benefit plans were \$18.1 million and \$24.4 million, respectively.
- During the six months ended July 1, 2016 and six months ended June 26, 2015, cash payments of \$28.7 million and \$20.4 million, respectively, were made for our restructuring initiatives.
- Changes in net working capital also affected the operating cash flows for the periods presented. We define working capital as Trade receivables, net and Inventories, net reduced by Accounts payable. During the six months ended July 1, 2016, net working capital consumed cash of \$60.3 million, before the impact of foreign exchange, primarily due to an increase in receivables and inventory levels, and a decrease in payables. The principal contributor to the increase in working capital was significant costs in excess of billings on long-term contracts as of July 1, 2016.
- During the six months ended June 26, 2015, net working capital consumed cash of \$70.2 million, before the impact of foreign exchange, primarily due to an increase in receivables and inventory levels, and a decrease in payables. The principal

contributors to the increase in working capital in 2015 were higher inventory and receivable levels within the fabrication technology segment, and an increase in receivables and a decrease in payables in our gas- and fluid-handling segment.

- Increased working capital in both years reflect normal seasonal changes.

Cash flows from financing activities for the six months ended July 1, 2016 were impacted by the repurchase of 1,000,000 shares of the Company's Common stock for approximately \$20.8 million and net repayments of borrowings of \$21.5 million as compared to net repayments of \$134.9 million during the six months ended June 26, 2015. The higher repayments in 2015 largely resulted from reduced cash balances.

Our Cash and cash equivalents as of July 1, 2016 includes \$177.7 million held in jurisdictions outside the U.S., which may be subject to U.S. income taxes if repatriated into the U.S. and other restrictions.

### **Critical Accounting Policies**

The methods, estimates and judgments that we use in applying our critical accounting policies have a significant impact on our results of operations and financial position. We evaluate our estimates and judgments on an ongoing basis. Our estimates are based upon our historical experience, our evaluation of business and macroeconomic trends and information from other outside sources, as appropriate. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what our management anticipates and different assumptions or estimates about the future could have a material impact on our results of operations and financial position. There have been no significant additions to the methods, estimates and judgments included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in our 2015 Form 10-K.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk from changes in short-term interest rates, foreign currency exchange rates and commodity prices that could impact our results of operations and financial condition. We address our exposure to these risks through our normal operating and financing activities. We do not enter into derivative contracts for trading purposes.

#### *Interest Rate Risk*

We are subject to exposure from changes in short-term interest rates related to interest payments on our borrowing arrangements. Under the Credit Agreement and the receivables financing facility, substantially all of our borrowings as of July 1, 2016 are variable-rate facilities based on LIBOR or EURIBOR. In order to mitigate our interest rate risk, we may enter into interest rate swap or collar agreements. A hypothetical increase in the interest rate of 1.00% during the second quarter and six months ended July 1, 2016 would have increased Interest expense by approximately \$3.6 million and \$7.2 million, respectively.

#### *Exchange Rate Risk*

We have manufacturing sites throughout the world and sell our products globally. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar and against the currencies of other countries in which we manufacture and sell products and services. During the second quarter and six months ended July 1, 2016, approximately 72% and 71% of our sales were derived from operations outside the U.S. We have significant manufacturing operations in European countries that are not part of the Eurozone. Sales revenues are more highly weighted toward the Euro and U.S. dollar. We also have significant contractual obligations in U.S. dollars that are met with cash flows in other currencies as well as U.S. dollars. To better match revenue and expense as well as cash needs from contractual liabilities, we regularly enter into cross currency swaps and forward contracts.

We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries. The Euro denominated borrowings under the Credit Agreement provide a natural hedge to a portion of our European net asset position. The effect of a change in currency exchange rates on our net investment in international subsidiaries, net of the translation effect of the Company's Euro denominated borrowings, is reflected in the Accumulated other comprehensive loss component of Equity. A 10% depreciation in major currencies, relative to the U.S. dollar as of July 1, 2016 (net of the translation effect of our Euro denominated borrowings) would result in a reduction in Equity of approximately \$250 million.



We also face exchange rate risk from transactions with customers in countries outside the U.S. and from intercompany transactions between affiliates. Although we use the U.S. dollar as our functional currency for reporting purposes, we have manufacturing sites throughout the world, and a substantial portion of our costs are incurred and sales are generated in foreign currencies. Costs incurred and sales recorded by subsidiaries operating outside of the U.S. are translated into U.S. dollars using exchange rates effective during the respective period. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar. In particular, the Company has more sales in European currencies than it has expenses in those currencies. Although a significant portion of this difference is hedged, when European currencies strengthen or weaken against the U.S. dollar, operating profits are increased or decreased, respectively.

We have generally accepted the exposure to exchange rate movements without using derivative financial instruments to manage this risk. Both positive and negative movements in currency exchange rates against the U.S. dollar will, therefore, continue to affect the reported amount of sales, profit, assets and liabilities in our Condensed Consolidated Financial Statements.

#### *Commodity Price Risk*

We are exposed to changes in the prices of raw materials used in our production processes. Commodity futures contracts are periodically used to manage such exposure. As of July 1, 2016, our open commodity futures contracts were not material.

See Note 11, "Financial Instruments and Fair Value Measurements" in our Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for additional information regarding our derivative instruments.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of July 1, 2016. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed in this report on Form 10-Q has been recorded, processed, summarized and reported as of the end of the period covered by this report on Form 10-Q.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f)) identified in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

Discussion of legal proceedings is incorporated by reference to Note 12, "Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements included in Part I. Item 1. "Financial Statements" of this Form 10-Q.

### Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. There have been no material changes to the risk factors included in "Part I. Item 1A. Risk Factors" in our 2015 Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On October 11, 2015, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of the Company's Common stock from time-to-time on the open market or in privately negotiated transactions. The repurchase program is authorized until December 31, 2016 and is being conducted pursuant to SEC Rule 10b-18. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors. For the three months ended July 1, 2016 the Company made no repurchases of shares. The following table presents additional information with respect to our Common stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
4/2/16 - 4/29/16	—	—	—	51,821,526
4/30/16 - 5/27/16	—	—	—	51,821,526
5/28/16 - 7/1/16	—	—	—	51,821,526
Total	—	—	—	51,821,526 <sup>(1)</sup>

<sup>(1)</sup> Represents the repurchase program limit authorized by the Board of Directors of \$100.0 million less the value of purchases made since October 11, 2015.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

None.

**Item 6. Exhibits**

<u>Exhibit No.</u>	<u>Exhibit Description</u>
3.01*	Amended and Restated Certificate of Incorporation.
3.02**	Colfax Corporation Amended and Restated Bylaws.
10.01***	Colfax Corporation 2016 Omnibus Incentive Plan
10.02***	Letter Agreement between Colfax Corporation and Christopher Hix
10.03***	Second Amendment to the Credit Agreement, dated June 24, 2016, among Colfax Corporation, as the borrower, the guarantors party thereto, each of the lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent.
31.01	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL 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
*	Incorporated by reference to Exhibit 3.01 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012.
**	Incorporated by reference to Exhibit 3.02 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 23, 2015.
***	Filed herewith.



## Colfax Corporation

### 2016 Omnibus Incentive Plan

Colfax Corporation, a Delaware corporation, sets forth herein the terms of its 2016 Omnibus Incentive Plan, as follows:

#### 1. PURPOSE

The Plan is intended to enhance the Company's and its Affiliates' (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, stock units, unrestricted stock, and dividend equivalent rights. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein, except that stock options granted to outside directors and any consultants or advisers providing services to the Company or an Affiliate shall in all cases be non-qualified stock options.

#### 2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

1. "Affiliate" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary. For purposes of granting stock options or stock appreciation rights, an entity may not be considered an Affiliate if it results in noncompliance with Code Section 409A.
2. "Annual Incentive Award" means an Award made subject to attainment of performance goals (as described in Section 14) over a performance period of up to one year (the Company's fiscal year, unless otherwise specified by the Committee).
3. "Award" means a grant of an Option, Stock Appreciation Right, Restricted Stock, Unrestricted Stock, Stock Unit, Dividend Equivalent Right, Performance Share, or Performance Unit under the Plan.
4. "Award Agreement" means the written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award. An Award Agreement may be provided in any medium, including any electronic medium.
5. "Benefit Arrangement" shall have the meaning set forth in Section 15 hereof.
6. "Board" means the Board of Directors of the Company.
7. "Cause" means, as determined by the Board or the Committee and unless otherwise provided in an Award Agreement or other applicable agreement with the Company: (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or any Affiliate.

8. "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.
9. "Committee" means a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in Section 3.
10. "Company" means Colfax Corporation.
11. "Corporate Transaction" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity which results in any person or entity (other than persons who are stockholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company, (ii) a sale of all or substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company.
12. "Covered Employee" means a Grantee who is a covered employee within the meaning of Section 162(m)(3) of the Code.
13. "Disability" means the Grantee is unable to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
14. "Dividend Equivalent Right" means a right, granted to a Grantee under Section 13 hereof, to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.
15. "Effective Date" means February 15, 2016, the date the Plan was originally approved by the Board, subject to the subsequent approval by the Company's stockholders within 12 months of such date.
16. "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.
17. "Fair Market Value" means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc. or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is more than one such exchange or market the Board or the Committee shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the average between the highest bid and lowest asked prices or

between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board or the Committee in good faith in a manner consistent with Code Section 409A.

18. "Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests.
19. "Grant Date" means, as determined by the Board or the Committee, the latest to occur of (i) the date as of which the Board or the Committee approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 6 hereof, or (iii) such other date as may be specified by the Board or the Committee.
20. "Grantee" means a person who receives or holds an Award under the Plan.
21. "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.
22. "Non-qualified Stock Option" means an Option that is not an Incentive Stock Option.
23. "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.
24. "Option Price" means the exercise price for each share of Stock subject to an Option.
25. "Other Agreement" shall have the meaning set forth in Section 14 hereof.
26. "Outside Director" means a member of the Board who is not an officer or employee of the Company.
27. "Performance Award" means an Award made subject to the attainment of one or more performance goals (as described in Section 14 and Appendix A) over a performance period of up to ten (10) years.
28. "Performance-Based Compensation" means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for certain performance-based compensation paid to Covered Employees. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Award which does not satisfy the requirements for performance-based compensation under Code Section 162(m) does not constitute performance-based compensation for other purposes, including Code Section 409A.
29. "Performance Measures" means measures as described in Appendix A on which the performance goals are based and which are approved by the Company's stockholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.

30. "Performance Period" means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
31. "Performance Share" means an Award under Section 14 hereof and subject to the terms of this Plan, denominated in Stock, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.
32. "Performance Unit" means an Award under Section 14 hereof and subject to the terms of this Plan, denominated in Stock Units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.
33. "Plan" means this Colfax Corporation 2016 Omnibus Incentive Plan, as the same may be amended from time to time.
34. "Prior Plan" means the Colfax Corporation 2008 Omnibus Incentive Plan, as amended and restated.
35. "Purchase Price" means the purchase price for each share of Stock pursuant to a grant of Restricted Stock or Unrestricted Stock.
36. "Reporting Person" means a person who is required to file reports under Section 16(a) of the Exchange Act.
37. "Restricted Stock" means one or more shares of Stock, awarded to a Grantee pursuant to Section 10 hereof.
38. "SAR Exercise Price" means the per share exercise price of an SAR granted to a Grantee under Section 9 hereof.
39. "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.
40. "Service" means (i) such term as defined in an applicable Award Agreement, if the Award Agreement so defines such term, or (ii) if not defined in an applicable Award Agreement, service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties and periods of leave following which a Service Provider is expected to return to service with the Company or an Affiliate shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Any periods of garden leave prior to a Service Provider's termination of service with the Company or an Affiliate shall not be considered periods of "Service" hereunder, unless the Committee determines otherwise. Subject to the preceding, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board or the Committee, which determination shall be final, binding and conclusive.
41. "Service Provider" means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser (who is a natural person) currently providing services to the Company or an Affiliate.
42. "Stock" means the common stock, par value \$0.001 per share, of the Company.



43. "Stock Appreciation Right" or "SAR" means a right granted to a Grantee under Section 9 hereof.
44. "Stock Unit" means a bookkeeping entry representing the equivalent of one share of Stock awarded to a Grantee pursuant to Section 10 hereof.
45. "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.
46. "Substitute Award" means an Award granted upon assumption of, or in substitution for, an outstanding award previously granted by a company or other entity acquired by the Company or any Affiliate or with which the Company or any Affiliate combines.
47. "Ten Percent Stockholder" means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.
48. "Unrestricted Stock" means one or more shares of Stock, awarded to a Grantee pursuant to Section 11 hereof.

### 3. ADMINISTRATION OF THE PLAN

#### 1. Board

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's certificate of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

#### 2. Committee

The Board hereby delegates to the Compensation Committee of the Board, which shall be the Committee hereunder until such time as a replacement Committee is so designated by the Board, such powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 above and 3.3 below.

- (i) Except as provided in Subsection (ii) and except as the Board may otherwise determine, the Committee, and any successor thereto appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Company who: (a) qualify as "outside directors" within the meaning of Section 162(m) of the Code and who (b) meet such other requirements as may be established from time to time by the Securities and Exchange Commission for plans intended to qualify for exemption under Rule 16b-3 (or its successor)

under the Exchange Act and who (c) comply with the independence requirements of the stock exchange on which the Stock is listed.

- (ii) The Board may also appoint one or more separate committees, each composed of one or more directors of the Company who need not be Outside Directors or one or more officers of the Company who need not be members of the Board, who may administer the Plan with respect to employees or other Service Providers who are not officers or directors of the Company, may grant Awards under the Plan to such employees or other Service Providers, and may determine all terms of such Awards.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board.

### 3. Terms of Awards

Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

- (i) designate Grantees,
- (ii) determine the type or types of Awards to be made to a Grantee,
- (iii) determine the number of shares of Stock to be subject to an Award,
- (iv) establish the terms and conditions of each Award (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),
- (v) prescribe the form of each Award Agreement evidencing an Award,
- (vi) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement, and
- (vii) amend, modify, or supplement the terms of any outstanding Award. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom. Notwithstanding the foregoing, no amendment, modification or supplement of any Award shall, without the consent of the Grantee, materially impair the Grantee's rights under such Award. In addition, notwithstanding anything in the Plan to the contrary, the Committee shall not have the discretion to accelerate the vesting of any outstanding Awards, except that the Committee may accelerate the vesting of Awards in the event of a Grantee's death or disability or as provided in Section 17 of the Plan.

The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul an Award if the Grantee is an employee of the Company or an Affiliate thereof and is terminated for Cause.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities or other property), stock split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock or other securities or similar transaction), the Company may not, without obtaining stockholder approval: (a) amend the terms of outstanding Options or SARs to reduce the Option Price or SAR Exercise Price of such outstanding Options or SARs; (b) cancel outstanding Options or SARs in exchange for or substitution of Options or SARs with an Option Price or SAR Exercise Price that is less than the Option Price or SAR Exercise Price of the original Options or SARs; or (c) cancel outstanding Options or SARs with an Option Price or SAR Exercise Price above the current stock price in exchange for cash or other securities.

4. Deferral Arrangement.

The Board or the Committee may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents. Any such deferrals shall be made in a manner that complies with Code Section 409A.

5. No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

6. Share Issuance/Book-Entry.

Notwithstanding any provision of this Plan to the contrary, the issuance of the Stock under the Plan may be evidenced in such a manner as the Board or Committee, in its discretion, deems appropriate, including, without limitation, book-entry registration or issuance of one or more Stock certificates. Any reference to the issuance of Stock Certificates to a Grantee shall be deemed to include any such issuance of the Stock.

4. STOCK SUBJECT TO THE PLAN

1. Number of Shares Available for Awards.

Subject to adjustment as provided in Section 17, the aggregate number of shares of Stock available for issuance under the Plan shall be ten and a half million (10,500,000). The aggregate number of shares of Stock reserved for issuance under this Plan shall be reduced on a one-for-one basis by shares of Stock covered by any Award of Options or SARs granted under this Plan and

shall be reduced by 2.5 shares of Stock for every one (1) share of Stock subject to an Award other than an Option or SAR granted under this Plan, and shall be increased by Stock again made available under the Plan pursuant to Section 4.3. In addition, the aggregate number of shares of Stock reserved for issuance under this Plan shall be reduced on a one-for-one basis by shares of Stock covered by any award of options or stock appreciation rights granted under the Prior Plan after March 1, 2016 and shall be reduced by 2.5 shares of Stock for every one (1) share of Stock subject to an award other than a stock option or stock appreciation right granted under the Prior Plan after March 1, 2016, and shall be increased by Stock again made available under the Plan pursuant to Section 4.3. Shares available for issuance under a stockholder-approved plan of a business entity that is a party to an acquisition, merger or other transaction in which the Company acquires the business entity (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any stock exchange on which the Stock is listed. An aggregate of 10,500,000 shares of Stock available for issuance under the Plan may be issued as Incentive Stock Options.

2. Adjustments in Authorized Shares.

The Board shall have the right to substitute or assume Awards in connection with mergers, reorganizations, separations, or other transactions to which Section 424(a) of the Code applies. The number of shares of Stock reserved pursuant to Section 4 shall be increased by the corresponding number of Substitute Awards.

3. Share Usage.

Shares of Stock covered by an Award shall be counted as used as of the Grant Date in accordance with Section 4.1 above. If any shares of Stock covered by an Award are not purchased or are forfeited or expire, or if an Award otherwise terminates without delivery of Stock subject thereto or is settled in cash in lieu of shares, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture, termination or expiration, again be available for issuance under the Plan. Notwithstanding anything herein to the contrary, if the Option Price of any Option granted under the Plan, or if pursuant to Section 18.3 the withholding obligation of any Grantee with respect to an Option or Stock Appreciation Right, is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation) or by withholding shares of Stock, such tendered or withheld shares of Stock will not again be made available for issuance under the Plan. Furthermore, shares of Stock that were subject to a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Stock Appreciation Right will be counted against the aggregate number of shares available for issuance under the Plan and will not again be made available for issuance under the Plan. Any shares of Stock that again become available for issuance under the Plan pursuant to this Section 4.3 shall be added back as one (1) share of stock if such shares were subject to Options or Stock Appreciation Rights, and as 2.5 shares of Stock if such shares were subject to Awards other than Options or Stock Appreciation Rights. As used in this Section 4.3, the terms "Award," "Option" and "Stock Appreciation" right shall include any award, option or stock appreciation right granted under the Prior Plan on or after March 1, 2016.

5. EFFECTIVE DATE, DURATION AND AMENDMENTS

1. Effective Date.

The Plan shall be effective as of February 15, 2016, subject to approval by the Company's stockholders within 12 months of such date.

2. Term.

The Plan shall terminate automatically ten (10) years after the Effective Date set forth in Section 5.1 and may be terminated on any earlier date as provided in Section 5.3. No termination of the Plan shall have any effect on any Awards then outstanding under the Plan.

3. Amendment and Termination of the Plan.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Awards have not been made. An amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. No Awards shall be made after termination of the Plan. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded under the Plan.

6. AWARD eligibility AND LIMITATIONS

1. Service Providers and Other Persons.

Subject to this Section 6, Awards may be made under the Plan to: (i) any Service Provider to the Company or of any Affiliate, including any Service Provider who is an officer or director of the Company or of any Affiliate, as the Board or the Committee shall determine and designate from time to time and (ii) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Board or the Committee.

2. Successive Awards and Substitute Awards.

An eligible person may receive more than one Award, subject to such restrictions as are provided herein. Notwithstanding Sections 8.1 and 9.1, the Option Price of an Option or the grant price of an SAR that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Stock on the original date of grant; provided, that the Option Price or grant price is determined in accordance with the principles of Code Section 424, Code Section 409A, and the regulations thereunder.

3. Limitation on Shares of Stock Subject to Awards.

- (i) The maximum number of shares of Stock subject to Options or SARs that can be awarded under the Plan to any person eligible for an Award under Section 6 hereof is one million (1,000,000) per calendar year.
- (ii) The maximum number of shares that can be awarded under the Plan, other than pursuant to an Option or SARs, to any person eligible for an Award under Section 6 hereof is one million (1,000,000) per calendar year.

The preceding limitations in this Section 6.3 are subject to adjustment as provided in Section 17 hereof.

4. Limitation on Awards to Outside Directors.

The aggregate dollar value of equity-based (based on the grant date fair value of equity-based Awards) and cash compensation granted under this Plan or otherwise during any calendar year to any Outside Director shall not exceed \$350,000; provided, however, that in the calendar year in which an Outside Director first joins the Board or is first designated as Chairman of the Board or Lead Director, the maximum aggregate dollar value of equity-based and cash compensation granted to the Outside Director may be up to two hundred percent (200%) of the foregoing limit.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board or the Committee shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

1. Option Price.

The Option Price of each Option shall be fixed by the Board or the Committee and stated in the Award Agreement evidencing such Option. Except for Substitute Awards, the Option Price of each Option shall be at least the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

2. Vesting.

Subject to Sections 8.3 and 17.3 hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions (including conditions based on achievement of performance goals and/or future service requirements) as shall be determined by the Board or the Committee and stated in the Award Agreement. Except for Substitute Awards and in certain limited situations determined by the Board or the Committee relating to the death or disability of the Grantee or a Corporate Transaction, Options shall have a vesting period of not less than one (1) year from date of grant; provided, however, that up to an aggregate of 5% of the aggregate number of shares of Stock available for issuance under the Plan may be granted without regard to such minimum vesting period or the minimum vesting period set forth in Sections 9.2 and 10.2. For purposes of this Section 8.2, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number.

3. Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board or the Committee and stated in the Award Agreement relating to such Option;

provided, however, that (i) in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its Grant Date; and (ii) such term shall be automatically extended by 30 days (but to no longer than ten years for any Option that intended to be an Incentive Stock Option or to no longer than five years for any Option that intended to be an Incentive Stock Option and is granted to a Ten Percent Stockholder) in the event that the original term of the Option is set to expire during a closed window period applicable to the Grantee.

4. Termination of Service.

Each Award Agreement shall set forth the extent to which the Grantee shall have the right to exercise the Option following termination of the Grantee's Service. Such provisions shall be determined in the sole discretion of the Board or the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

5. Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the stockholders of the Company as provided herein or after the occurrence of an event referred to in Section 17 hereof which results in termination of the Option.

6. Method of Exercise.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, on the form specified by the Company. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to an Award. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number set forth in the applicable Award Agreement and (ii) the maximum number of shares available for purchase under the Option at the time of exercise.

7. Rights of Holders of Options.

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid for and issued to him. Except as provided in Section 17 hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

8. Delivery of Stock Certificates.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

9. Transferability of Options.

Except as provided in Section 8.10, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in Section 8.10, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

10. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this Section 8.10, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 8.10, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this Section 8.10 or by will or the laws of descent and distribution. The events of termination of Service of Section 8.4 hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified, in Section 8.4.

11. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

12. Notice of Disqualifying Disposition.

If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within ten (10) days thereof.

9. TERMS AND CONDITIONS OF Stock Appreciation Rights

1. Right to Payment and Grant Price.

An SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR as determined by the Board or the Committee. The Award Agreement for an SAR shall specify the grant price of the SAR, which shall be at least the Fair Market Value of a share of Stock on the date of grant. SARs may be granted in conjunction with



all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in conjunction with all or part of any other Award or without regard to any Option or other Award; provided that an SAR that is granted subsequent to the Grant Date of a related Option must have an SAR Price that is no less than the Fair Market Value of one share of Stock on the SAR Grant Date.

2. Other Terms.

The Board or the Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which an SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Grantees, whether or not an SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR. Notwithstanding the foregoing, except for Substitute Awards and in certain limited situations determined by the Board or the Committee relating to the death or disability of the Grantee or a Corporate Transaction, SARs shall have a vesting period of not less than one (1) year from date of grant; provided, however, that up to an aggregate of 5% of the aggregate number of shares of Stock available for issuance under the Plan may be granted without regard to such minimum vesting period or the minimum vesting period set forth in Sections 8.2 and 10.2.

3. Term.

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, upon the expiration of ten years from the date such SAR is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board or the Committee and stated in the Award Agreement relating to such SAR; provided, however, that such term shall be automatically extended by 30 days in the event that the original term of the SAR is set to expire during a closed window period applicable to the Grantee.

4. Transferability of SARs.

Except as provided in Section 9.5, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise a SAR. Except as provided in Section 9.5, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

5. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this Section 9.5, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 9.5, any such SAR shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred SARs are prohibited except to Family Members of the original Grantee in accordance with this Section 9.5 or by will or the laws of descent and distribution.

## 10. TERMS AND CONDITIONS OF RESTRICTED STOCK and stock units

### 1. Grant of Restricted Stock or Stock Units.

Awards of Restricted Stock or Stock Units may be made for no consideration (other than par value of the shares which is deemed paid by Services already rendered).

### 2. Restrictions.

At the time a grant of Restricted Stock or Stock Units is made, the Board or the Committee may, in its sole discretion, establish a period of time (a “restricted period”) applicable to such Restricted Stock or Stock Units. Each Award of Restricted Stock or Stock Units may be subject to a different restricted period. The Board or the Committee may, in its sole discretion, at the time a grant of Restricted Stock or Stock Units is made, prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Stock Units as described in Article 14. Notwithstanding the foregoing, except for Substitute Awards and in certain limited situations determined by the Board or the Committee relating to the death or disability of the Grantee or a Corporate Transaction, Awards of Restricted Stock or Stock Units subject solely to continued Service with the Company or an Affiliate shall have a vesting period of not less than one year from date of grant; provided, however, that up to an aggregate of 5% of the aggregate number of shares of Stock available for issuance under the Plan may be granted without regard to such minimum vesting period or the minimum vesting period set forth in Sections 8.2 and 9.2. Neither Restricted Stock nor Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other restrictions prescribed by the Board or the Committee with respect to such Restricted Stock or Stock Units.

### 3. Restricted Stock Certificates.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board or the Committee may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee’s benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends that comply with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

### 4. Rights of Holders of Restricted Stock.

Unless the Board or the Committee otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board or the Committee may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. Dividends paid on Restricted Stock which vests or is earned based upon the achievement of performance goals shall not vest unless such performance goals for such Restricted Stock are

achieved, and if such performance goals are not achieved, the Grantee of such Restricted Stock shall promptly forfeit and repay to the Company such dividend payments. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

5. Rights of Holders of Stock Units.

(i) Voting and Dividend Rights.

Holders of Stock Units shall have no rights as stockholders of the Company. The Board or the Committee may provide in an Award Agreement evidencing a grant of Stock Units that the holder of such Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Stock Unit held equal to the per-share dividend paid on the Stock. Dividends paid on Stock Units which vest or are earned based upon the achievement of performance goals shall not vest unless such performance goals for such Stock Units are achieved, and if such performance goals are not achieved, the Grantee of such Stock Units shall promptly forfeit and repay to the Company such dividend payments. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid.

(ii) Creditor's Rights.

A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

6. Termination of Service.

Unless the Board or the Committee otherwise provides in an Award Agreement or in writing after the Award Agreement is issued, upon the termination of a Grantee's Service, any Restricted Stock or Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Stock Units, the Grantee shall have no further rights with respect to such Award, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock or Stock Units.

7. Purchase of Restricted Stock.

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the Award Agreement relating to such Restricted Stock. The Purchase Price shall be payable in a form described in Section 12 or, in the discretion of the Board or the Committee, in consideration for past Services rendered to the Company or an Affiliate.

8. Delivery of Stock.

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board or the Committee, the restrictions applicable to shares of

Restricted Stock or Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Stock Unit once the share of Stock represented by the Stock Unit has been delivered.

#### 11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS

The Board or the Committee may, in its sole discretion, grant (or sell at par value or such other higher purchase price determined by the Board or the Committee) an Unrestricted Stock Award to any Grantee pursuant to which such Grantee may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

#### 12. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK

##### 1. General Rule.

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company.

##### 2. Surrender of Stock.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price has been paid thereby, at their Fair Market Value on the date of exercise or surrender.

##### 3. Cashless Exercise.

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Board or the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in Section 18.3.

##### 4. Other Forms of Payment.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to exercise of an Option or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules.

#### 13. TERMS AND CONDITIONS OF Dividend Equivalent RIGHTS

##### 1. Dividend Equivalent Rights.

A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash distributions that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any Grantee, *provided* that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or at the end of any applicable vesting period, or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the Board or the Committee. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award also may contain terms and conditions which are different from the terms and conditions of such other Award, *provided* that Dividend Equivalent Rights credited pursuant to a Dividend Equivalent Right granted as a component of another Award which vests or is earned based upon the achievement of performance goals shall not vest or become payable unless such performance goals for such underlying Award are achieved, and if such performance goals are not achieved, the Grantee of such Dividend Equivalent Rights shall promptly forfeit and repay to the Company payments made in connection with such Dividend Equivalent Rights.

2. Termination of Service.

Except as may otherwise be provided by the Board or the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the Grantee's termination of Service for any reason.

14. TERMS AND CONDITIONS OF Performance SHARES, PERFORMANCE UNITS, PERFORMANCE AWARDS and Annual Incentive Awards

1. Grant of Performance Units/Performance Shares.

Subject to the terms and provisions of this Plan, the Board or Committee, at any time and from time to time, may grant Performance Units and/or Performance Shares to Grantees in such amounts and upon such terms as the Board or Committee shall determine.

2. Value of Performance Units/Performance Shares.

Each Award of Performance Units and Performance Shares shall specify a target or actual number of shares of Stock that is established by the Board or Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Board or Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Units/Performance Shares that will be paid out to the Grantee.

3. Earning of Performance Units/Performance Shares.

Performance Units/Performance Shares shall be entitled to receive payout on the value and number of Performance Units/Performance Shares earned by the Grantee over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

4. Form and Timing of Payment of Performance Units/Performance Shares.

Payment of earned Performance Units/Performance Shares shall be as determined by the Board or Committee and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Board or the Committee, in its sole discretion, may pay earned Performance Units/Performance Shares in the form of cash or in shares (or in a combination thereof) equal to the value of the earned Performance Units/Performance Shares at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Board or Committee. The determination of the Board or Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

5. Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board or Committee. The Board or Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. If and to the extent required under Code Section 162(m), any power or authority relating to an Award intended to qualify under Code Section 162(m), shall be exercised by the Committee and not the Board.

6. Performance Awards or Annual Incentive Awards Granted to Designated Covered Employees.

If and to the extent that the Board or Committee determines that an Award to be granted to a Grantee who is designated by the Committee as likely to be a Covered Employee is intended to qualify as “performance-based compensation” for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this Section 14.6 and Appendix A.

(i) Performance Goals Generally.

The performance goals for such Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 14.6. and Appendix A. The Committee may determine that such Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Awards. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

(ii) Timing For Establishing Performance Goals. For Awards other than Options that are intended to qualify as “performance-based compensation” for purposes of Code Section 162(m), performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be required or

permitted for “performance-based compensation” under Code Section 162(m) and the regulations issued thereunder.

(iii) Settlement of Awards; Other Terms.

Settlement of such Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Awards. The Committee shall specify the circumstances in which such Performance or Annual Incentive Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a performance period or settlement of Awards.

(iv) Performance Measures.

The performance goals upon which the grant, payment or vesting of an Award that is intended to qualify as Performance-Based Compensation shall be limited to the Performance Measures.

Any Performance Measure(s) may be used to measure the performance of the Company, any Subsidiary, and/or any Affiliate as a whole or any business unit of the Company, any Subsidiary, and/or any Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the Performance Measures as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select share price, including growth measures and total stockholder return as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures.

(v) Evaluation of Performance.

The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) events or circumstances that are unusual in nature or infrequently occurring; (f) acquisitions or divestitures; and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

(vi) Adjustment of Performance-Based Compensation.

Awards that are intended to qualify as Performance-Based Compensation may not be adjusted upward. The Board and the Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis, or any combination as the Committee determines.

(vii) Board Discretion.

In the event that applicable tax and/or securities laws change to permit Board discretion to alter the governing Performance Measures without obtaining stockholder approval of such

changes, the Board shall have sole discretion to make such changes without obtaining stockholder approval provided the exercise of such discretion does not violate Code Section 409A. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on performance measures other than those set forth in Appendix A.

7. Status of Section Awards Under Code Section 162(m).

It is the intent of the Company that Awards under Section 14.6 hereof granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Code Section 162(m) and regulations thereunder shall, if so designated by the Committee, constitute “qualified performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of Section 14.6, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Grantee will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of an Award, as likely to be a Covered Employee with respect to that fiscal year. If any provision of the Plan or any agreement relating to such Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

15. PARACHUTE LIMITATIONS

1. Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or any Affiliate, except an agreement, contract, or understanding that expressly addresses Section 280G or Section 4999 of the Code (an “Other Agreement”), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a “Benefit Arrangement”), if the Grantee is a “disqualified individual,” as defined in Section 280G(c) of the Code, any Option, Restricted Stock, Stock Unit, Performance Share or Performance Unit held by that Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Grantee under this Plan to be considered a “parachute payment” within the meaning of Section 280G(b)(2) of the Code as then in effect (a “Parachute Payment”) and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the Grantee under any Other Agreement or any Benefit Arrangement would cause the Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the Grantee as described in clause (ii) of the preceding sentence, then the



Grantee shall have the right, in the Grantee's sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under this Plan be deemed to be a Parachute Payment.

## 16. REQUIREMENTS OF LAW

### 1. General.

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Without limiting the generality of the foregoing, in connection with the Securities Act, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option (or SAR that may be settled in shares of Stock) shall not be exercisable until the shares of Stock covered by such Option (or SAR) are registered or are exempt from registration, the exercise of such Option (or SAR) under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

### 2. Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

## 17. EFFECT OF CHANGES IN CAPITALIZATION

### 1. Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares set forth in Section 4.1 for which grants of Options and other Awards may be made under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Exercise Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or SAR, as applicable, but shall include a corresponding proportionate adjustment in the Option Price or SAR Exercise Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend but excluding a non-extraordinary dividend of the Company) without receipt of consideration by the Company, the Company shall, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares subject to outstanding Awards and/or (ii) the exercise price of outstanding Options and Stock Appreciation Rights to reflect such distribution.

### 2. Reorganization in Which the Company Is the Surviving Entity Which does not Constitute a Corporate Transaction.

Subject to Section 17.3 hereof, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Corporate Transaction, any Option or SAR theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price or SAR Exercise Price per share so that the aggregate Option Price or SAR Exercise Price thereafter shall be the same as the aggregate Option Price or SAR Exercise Price of the shares remaining subject to the Option or SAR immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing an Award, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation. In the event of a transaction described in this Section 17.2, Stock Units shall be adjusted so as to apply to the securities that a holder of the number of shares of Stock subject to the Stock Units would have been entitled to receive immediately following such transaction.

### 3. Corporate Transaction.

Subject to the exceptions set forth in the second to last sentence of this Section 17.3 and the last sentence of Section 17.4, except as otherwise provided in an applicable Award Agreement, upon the occurrence of a Corporate Transaction:

- (i) all outstanding shares of Restricted Stock shall be deemed to have vested, and all Stock Units shall be deemed to have vested (in each case, with any performance-based awards deemed to have vested at the greater of (i) target level, and (ii) actual performance as of immediately prior to the occurrence of such Corporate Transaction) and the shares of Stock subject thereto shall be delivered, immediately prior to the occurrence of such Corporate Transaction, and
- (ii) either of the following two actions shall be taken:
  - (A) fifteen days prior to the scheduled consummation of a Corporate Transaction, all Options and SARs outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days, or
  - (B) the Board may elect, in its sole discretion, to cancel any outstanding Awards of Options, Restricted Stock, Stock Units, and/or SARs and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Board acting in good faith), in the case of Restricted Stock or Stock Units, equal to the formula or fixed price per share paid to holders of shares of Stock (with any performance-based awards deemed to have vested at the greater of (i) target level, and (ii) actual performance as of immediately prior to the occurrence of such Corporate Transaction) and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to the Option or SAR (the "Award Shares") multiplied by the amount, if any, by which (I) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (II) the Option Price or SAR Exercise Price applicable to such Award Shares.

With respect to the Company's establishment of an exercise window, (i) any exercise of an Option or SAR during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event, and (ii) upon consummation of any Corporate Transaction, the Plan and all outstanding but unexercised Options and SARs shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders.

This Section 17.3 shall not apply to any Corporate Transaction to the extent that provision is made in writing in connection with such Corporate Transaction for the assumption or continuation of the Options, SARs, Stock Units and Restricted Stock theretofore granted, or for the substitution for such Options, SARs, Stock Units and Restricted Stock for new common stock options and stock appreciation rights and new common stock units and restricted stock relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and option and stock appreciation right exercise prices, in which event the Plan, Options, SARs, Stock Units and Restricted Stock theretofore granted shall continue in the manner and under the terms so provided (with appropriate adjustment of any performance metrics applicable to such Awards) . In the event a Grantee's Award is assumed, continued or substituted upon the consummation of any Corporate Transaction and his employment is terminated without Cause within one year following the consummation of such Corporate Transaction, the Grantee's Award will be fully vested and may

be exercised in full, to the extent applicable, beginning on the date of such termination and for the one-year period immediately following such termination or for such longer period as the Committee shall determine.

4. Adjustments.

Adjustments under this Section 17 related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Board or Committee shall determine the effect of a Corporate Transaction upon Awards other than Options, SARs, Stock Units and Restricted Stock, and such effect shall be set forth in the appropriate Award Agreement.

5. No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

18. general provisions

1. Disclaimer of Rights.

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company or an Affiliate. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

2. Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

3. Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this Section 18.3 may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any federal, state or local tax withholding requirements upon the exercise, vesting, lapse of restrictions applicable to such Award or payment of shares pursuant to such Award, as applicable, cannot exceed such number of shares having a Fair Market Value equal to the minimum statutory amount required by the Company to be withheld and paid to any such federal, state or local taxing authority with respect to such exercise, vesting, lapse of restrictions or payment of shares.

4. Captions.

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

5. Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board or the Committee, in its sole discretion.

6. Number and Gender.

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

7. Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

8. Governing Law.

The validity and construction of this Plan and the instruments evidencing the Awards hereunder shall be governed by the laws of the State of Delaware, other than any conflicts or choice of law

rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

9. Section 409A of the Code.

The Board intends to comply with Section 409A of the Code (“Section 409A”), or an exemption to Section 409A, with regard to Awards hereunder that constitute nonqualified deferred compensation within the meaning of Section 409A. To the extent that the Board or the Committee determines that a Grantee would be subject to the additional 20% tax imposed on certain nonqualified deferred compensation plans pursuant to Section 409A as a result of any provision of any Award granted under this Plan, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of any such amendment shall be determined by the Board. Notwithstanding the foregoing, the Company, the Board and the Committee shall have no liability to a Grantee, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant.

10. Clawback/Recoupment.

Notwithstanding any other provisions herein to the contrary, any performance based compensation, or any other amount, paid to a Grantee pursuant to an Award, which is subject to recovery under any law, government regulation, stock exchange listing requirement, or any policy adopted by the Company will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement, or policy adopted by the Company.

## Appendix A

- net earnings or net income;
- operating earnings;
- pretax earnings;
- pre-tax earnings per share;
- earnings per share;
- share price, including growth measures and total stockholder return;
- earnings before interest and taxes;
- earnings before interest, taxes, depreciation and/or amortization;
- earnings before interest, taxes, depreciation and/or amortization as adjusted to exclude any one or more of the following:
  - stock-based compensation expense;
  - income from discontinued operations;
  - gain on cancellation of debt;
  - debt extinguishment and related costs;
  - restructuring, separation and/or integration charges and costs;
  - reorganization and/or recapitalization charges and costs;
  - impairment charges;
  - gain or loss related to investments;
  - sales and use tax settlement; and
  - gain on non-monetary transaction.
- sales or revenue growth, whether in general, by type of product or service, or by type of customer;
- gross or operating margins;
- return measures, including total shareholder return, return on assets, capital, investment, equity, sales or revenue;
- cash flow, including:
  - operating cash flow;
  - free cash flow, defined as earnings before interest, taxes, depreciation and/or amortization (as adjusted to exclude any one or more of the items that may be excluded pursuant to earnings before interest, taxes, depreciation and/or amortization above) less capital expenditures;
  - cash flow return on equity; and
  - cash flow return on investment;
- productivity ratios;
- expense targets;
- market share;
- working capital targets;
- completion of acquisitions of businesses or companies (including metrics resulting from the same such as revenue or margin);
- completion of divestitures and asset sales;
- debt repayment targets, and debt/equity ratios;
- bookings or completion of orders (including metrics resulting from the same such as revenue or margin);
- project bookings, milestones or completion (including metrics related to the same such as revenue or margin); and
- any combination of the foregoing business criteria.

[redacted]

**Date of Employment** We anticipate that your start date will be July 1, 2016. While you are onboarding, our current Chief Financial Officer will continue to serve in the CFO role, through the filing of our Form 10-Q reporting second quarter 2016 results.

**Base Salary** Your starting annual salary will be US \$550,000 payable bi-weekly. You will be eligible for an annual merit increase based on benchmark and company merit increase guidelines, effective date April 1, 2017.

**Annual Cash Bonus** You will be eligible to participate in our Management Incentive Compensation Plan (MIP) with a target of 80% of your base salary. The actual MIP payout is based on the achievement of Colfax financial performance against pre-set threshold, target, and maximum and your individual performance factor of up to 1.5 times the financial factor. The maximum payout is 250% of target. Your 2016 MIP award will be pro-rated for a partial year of employment based on your start date. In the event of your involuntary termination not for cause, or if you terminate your employment for Good Reason, after year end and before the March payout, you will receive your annual incentive bonus earned in the previous year.

**Equity Awards** You will be provided a new hire equity award of \$2,100,000. The effective grant date is expected to be on your first day of employment with Colfax.

The annual grant portion, \$1,600,000 of the total \$2,100,000 will follow the 2016 approved vesting for executive officers: 75% in stock options to be vested 33% on the 1<sup>st</sup> - 3<sup>rd</sup> anniversaries of grant and 25% in performance-based restricted stock units with 50% vesting on the 3<sup>rd</sup> and 4<sup>th</sup> anniversaries of grant. The PRSU performance metric is \$1.76 in adjusted EPS within any four consecutive quarters in the performance period. The performance period begins in the first full quarter after your start date and ends on the last full quarter before the third anniversary of your grant date. If the performance metric is achieved within the performance period, you are eligible to vest in all of the units according to the vesting schedule. If the performance metric is not met within the performance period, all the units will be forfeited.

Finally, in consideration of your joining Colfax, \$500,000 of the \$2,100,000 grant, will be restricted stock units, RSUs, which vest 33% each on the 2<sup>nd</sup> - 4<sup>th</sup> anniversaries of grant.

The strike price of the stock options will be determined by the Fair Market Value of Colfax Corporation common stock on the effective date of the grant after you start with Colfax. Options are valued based on Black Scholes model for your grant date prepared by management. Specific numbers of performance-based restricted stock and time-based restricted stock units will be determined based on a 15-day average closing price up to your effective grant date.

In addition, you will be eligible for future annual equity grants starting in 2017 based on your position and performance in accordance with our equity guidelines. The current target for your position is 2.5x to 3.5x of salary. Annual equity awards are currently delivered in 50% stock options and 50% performance-based restricted stock units.

The terms and conditions of equity awards will be in accordance with the Colfax's 2016 Omnibus Incentive Plan or successor plan. You will receive a copy of our equity brochure including illustration.

**401(k)** You will have the opportunity to participate in the Colfax 401(k) Savings Plan Plus plan with matching contributions. Colfax matches 100% of the first 4% that you contribute, and these matching contributions vest immediately. In addition, at its discretion, Colfax will make non-elective contributions of 2% into your account. These non-elective contributions vest over five years.



<b>NQ Deferred Comp</b>	You will have the opportunity to defer up to 50% of base salary and 75% bonus in the nonqualified deferred compensation and optimize the company matching contribution above the IRS thresholds in 401(k).
<b>Transition Bonus</b>	You will receive a cash transition bonus of US \$100,000. If you resign from the company within the first year of employment, you are required to reimburse 100% of this amount.
<b>Relocation</b>	You will be eligible for Colfax's relocation managed by our relocation vendor Lexicon. You have two years from your hire date to complete your relocation, unless an exception is approved. As an exception to the normal relocation services, you will receive 6 months of temporary living and household good storage in addition to the Selling Services Package. Part of your relocation is taxable and part of it is non-taxable in accordance with IRS guidelines. Colfax provides gross ups on all customary relocation expenses except for our miscellaneous allowance and real estate commissions on your home sale. Officers of the company may not receive loans. Additionally, if you resign from the company within the first 2 years of employment, you are required to reimburse the company for amounts paid on your behalf at a rate of 100% of the total costs paid by the company within one year and 50% of total costs after that up to end of year two. Please see our relocation guide for more information on the program.
<b>Health Benefits</b>	You and your family will be eligible to participate in the health & welfare benefits including medical, dental, vision, short and long term disability, life and accidental death and dismemberment insurance.
<b>Vacation &amp; Holidays</b>	You will eligible for four weeks of vacation (prorated for partial year in 2016), plus three floating holidays and any company-paid holidays.
<b>Severance</b>	<p>In the event your employment is terminated, other than for Cause, or you terminate your employment for Good Reason, you will receive an amount equal to the sum of: (i) one times your base salary plus (ii) one times your target annual cash bonus.</p> <p>In the event your employment is terminated, other than for Cause, or you terminate your employment for Good Reason within three months before or two years after a Change in Control, you will receive an amount equal to the sum of: (i) two times your base salary plus (ii) two times your target annual cash bonus.</p> <p>Eligibility for severance payments is predicated on meeting Colfax's standard covenant and release requirements.</p> <p>For purposes of this offer letter, "Change in Control" means the occurrence of one or more of the following events, for the Company: (i) any "person" (as such term is used in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934 as amended (the "Act")) or "group" (as such term is used in Section 13(d)(3) of the Act) is or becomes a "beneficial owner" (as such term is used in Rule 13d-3 promulgated under the Act) of more than 50% of the Voting Stock of the Company; (ii) within any 24 month period the majority of the Board consists of individuals other than Incumbent Directors, which term means the members of the Board on the Effective Date; provided that any person becoming a director subsequent to such date whose election or nomination for election was supported by two-thirds of the directors who then comprised the Incumbent Directors of the applicable company shall be considered to be an Incumbent Director; (iii) the Company transfers all or substantially all of its assets or business (unless the shareholders of the applicable company immediately prior to such transaction beneficially own, directly or indirectly, in substantially the same proportion as they owned the Voting Stock of the applicable company, all of the Voting Stock or other ownership interests of the entity or entities, if any, that succeed to the business of, as applicable, the Company or the Company's ultimate parent company if the Company is a subsidiary of another corporation); or (iv) any merger, reorganization, consolidation or similar transaction unless, immediately after consummation of such transaction, the shareholders of the Company, as applicable, immediately prior to the transaction hold, directly or indirectly, more than 50% of the Voting Stock of, as applicable, the Company or the Company's ultimate parent company if the Company is a subsidiary of another</p>

corporation (there being excluded from the number of shares held by such shareholders, but not from the Voting Stock of the combined company, any shares received by affiliates of such other company in exchange for stock of such other company). For purposes of this Change in Control definition, the Company shall include any entity that succeeds to all or substantially all of the business of the Company and "Voting Stock" shall mean securities or ownership interests of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors of a corporation.

"Cause" means the following:

- (1) Your conviction for commission of a felony or a crime involving moral turpitude;
- (2) Your willful commission of any act of theft, fraud, embezzlement or misappropriation against the Company, a Participating Employer or their subsidiaries or affiliates; or
- (3) Your continued failure to substantially perform your duties (other than such failure resulting from your incapacity due to physical or mental illness), which failure is not remedied within 30 calendar days after written demand for substantial performance is delivered by Colfax that specifically identifies the manner in which Colfax believes that you have not substantially performed your duties.

"Cause" will be interpreted, in good faith, by the Compensation Committee (or its designee) in its sole discretion and such interpretation will be conclusive and binding on all parties.

"Good Reason" means the occurrence of any one or more of the following events which occur without your express written consent:

- (1) The assignment to you of duties materially inconsistent with your position and status or an alteration, materially adverse to you, in the nature of your duties, responsibilities, compensation, authorities or reporting relationships, your position or the conditions of your employment (other than inadvertent actions which are promptly remedied); except the foregoing will not constitute Good Reason if occurring (A) in connection with the termination of your employment for Cause, disability, or as a result of your death or, (B) as a result of action by or with your consent; or
- (2) The company or a participating employer requiring you to relocate your principal place of business for the company or participating employer to a location at least 50 miles from your current place of business, and which is a least 50 miles longer distance from your place of residence.

Chris, we also want to confirm that your employment is "at will". This means that your employment is for no definite period of time, and either you or the company may terminate your employment at any time, with or without cause or notice. In accordance with Colfax policy, this offer is contingent upon acceptance of the confidentiality agreement and code of conduct. You agree that during your employment, and for two years after termination of your employment, you will not directly or indirectly, for yourself or on behalf of any other person, partnership, company, corporation, or other entity, solicit, induce, recruit, encourage, or otherwise endeavor to cause or attempt to cause any employee or consultant of Colfax, or any independent contractor providing services to Colfax, to terminate his or her relationship with Colfax. You agree that the harm caused to Colfax by violation of this provision would amount to irreparable harm justifying entry of a temporary restraining order and/or a preliminary injunction and an award of attorney fees to Colfax.

[redacted]

Sincerely,

/s/ **Matthew L. Trerotola**

Matthew L. Trerotola

President and Chief Executive Officer  
Colfax Corporation

CC: Lynn H. Clark, SVP Human Resources

ACKNOWLEDGED & ACCEPTED:

/s/ **Christopher Hix**

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**Chris Hix**

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Second Amendment") is entered into as of June 24, 2016 by and among COLFAX CORPORATION, a Delaware corporation (the "Borrower"), the Guarantors party hereto, the financial institutions party hereto as Lenders (as defined below) and DEUTSCHE BANK AG NEW YORK BRANCH, as administrative agent (in such capacity, the "Administrative Agent"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, the Borrower, certain Subsidiaries of the Borrower, various financial institutions (the "Lenders") and the Administrative Agent have entered into that certain Credit Agreement, dated as of June 5, 2015 (as amended, restated, supplemented and/or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the parties hereto wish to amend certain provisions of the Credit Agreement on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment to Credit Agreement. Effective as of the Second Amendment Effective Date:

(a) The definition of "EBITDA" appearing in Section 1.01 of the Credit Agreement is hereby amended by replacing the text "\$100,000,000" appearing therein with "\$200,000,000";

(b) The definition of "Lender Default" appearing in Section 1.01 of the Credit Agreement is hereby amended by replacing the text "and (iv) the failure of such Lender to perform any of its funding obligations hereunder, including in respect of its Loans or participations in respect of Swing Line Loans, within two Business Days of the date such funding obligations were required to be performed hereunder" with " (iv) the failure of such Lender to perform any of its funding obligations hereunder, including in respect of its Loans or participations in respect of Swing Line Loans, within two Business Days of the date such funding obligations were required to be performed hereunder and (v) such Lender having become the subject of a Bail-In Action";

(c) The Credit Agreement is hereby amended by adding the following defined terms in the appropriate alphabetical order:

"Bail-in Action" means the exercise of any Write-Down or Conversion Powers by an EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.; and

(d) Section 11 of the Credit Agreement is hereby amended by adding the following Section 11.20 to the end of such Section:

“11.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction, in full or in part, of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.”.

SECTION 2. Representations and Warranties. To induce the Administrative Agent and the Lenders to enter into this Second Amendment, the Borrower represents and warrants to the Administrative Agent, the Lenders and the L/C Issuers on and as of the Second Amendment Effective Date that:

(a) the execution, delivery and performance by the Borrower of this Second Amendment and the performance of the Credit Agreement, as amended by this Second Amendment (the “Amended Credit Agreement”), and the acknowledgment of this Second Amendment by each other Loan Party party hereto, by its signature below: (x) are within such Loan Party’s corporate (or other) powers, have been duly authorized by all necessary corporate (or other) action and (y) do not (a) contravene such Loan Party’s Organization Documents, (b) violate any law, rule, regulation (including, without limitation, Regulation X of the FRB), order, writ, judgment, injunction, decree, determination or award, (c) conflict with or result in the breach of, or constitute a default or require any payment to be made under, any material contract, loan agreement,

indenture, or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties the effect of which could reasonably be expected to result in a Material Adverse Effect or (d) result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, or other instrument, the violation or breach of which could be reasonably likely to have a Material Adverse Effect;

(b) this Second Amendment has been duly executed and delivered by or on behalf of the Borrower and each other

Loan Party party hereto;

(c) each of this Second Amendment and the Amended Credit Agreement is the legal, valid and binding obligation of the Loan Parties and is enforceable against the Loan Parties in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and subject to the effects of general principles of equity (regardless whether considered in a proceeding in equity or at law); and

(d) there is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, including any Environmental Action, pending or, to the knowledge of the Borrower, threatened before any Governmental Authority or arbitrator that (i) could reasonably be expected to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of the Second Amendment, any Loan Document or the consummation of the transactions contemplated thereby.

### SECTION 3. Reference To and Effect Upon the Credit Agreement.

(a) From and after the Second Amendment Effective Date, (i) the term "Agreement" in the Credit Agreement, and all references to the Credit Agreement in any other Loan Document, shall mean the Credit Agreement as modified hereby, and (ii) this Second Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

(b) This Second Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Credit Agreement or any other Loan Document.

SECTION 4. Affirmation of Obligations. Each of the Loan Parties party hereto hereby acknowledges, agrees and affirms (a) its obligations under the Credit Agreement, the Guaranty and the other Loan Documents to which such Loan Party is a party and (b) that the Guaranty of such Loan Party shall apply to the Obligations in accordance with the terms thereof, in each case after giving effect to this Second Amendment.

SECTION 5. Counterparts, Etc. This Second Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart. Any party hereto may execute and deliver a counterpart of this Second Amendment by delivering by facsimile or other electronic transmission a signature page of this Second Amendment signed by such party, and any such facsimile or other electronic signature shall be treated in all respects as having the same effect as an original signature. Section headings in this Second Amendment are included herein for convenience of reference only and shall not constitute part of this Second Amendment for any other purpose.

SECTION 6. Governing Law. This Second Amendment and the rights and obligations of the parties under this Second Amendment shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

SECTION 7. Effectiveness. This Second Amendment shall become effective at the time (the "Second Amendment Effective Date") when each of the following conditions has been satisfied:

(a) the Administrative Agent shall have received duly executed signature pages for this Second Amendment signed by the Borrower, each other Loan Party party hereto and the Required Lenders;

(b) on the Second Amendment Effective Date and after giving effect to this Second Amendment, (x) no Default shall have occurred and be continuing or would occur after giving effect to this Second Amendment and (y) all of the representations and warranties made by the Borrower and each other Loan Party party hereto in this Second Amendment, the Credit Agreement and the other Loan Documents are true and correct in all material respects with the same effect as though such representations and warranties had been made on the Second Amendment Effective Date; *provided* that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; *provided, further* that, any representation or warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct in all respects on such respective date; and

(c) the Borrower shall have paid in full all fees due and payable on the Second Amendment Effective Date to the Administrative Agent (or its investment affiliates) and all fees and reasonable out-of-pocket expenses to the extent invoiced, incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Second Amendment.

The Administrative Agent shall provide prompt written notice of the occurrence of the Second Amendment Effective Date to the Lenders.

*[Remainder of page left intentionally blank.]*

\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Second Amendment as of the date first above written.

**COLFAX CORPORATION,**

as Borrower

By: /s/ C. Scott Brannan

Title: Senior Vice President,

Chief Financial Officer and Treasurer



**ALCOTEC WIRE CORPORATION  
ALLOY RODS GLOBAL, INC.  
ANDERSON GROUP INC.  
CLARUS FLUID INTELLIGENCE, LLC  
CLFX SUB HOLDING LLC  
COLFAX FLUID HANDLING LLC  
CONSTELLATION PUMPS CORPORATION  
DISTRIBUTION MINING & EQUIPMENT COMPANY,  
LLC  
EMSA HOLDINGS, INC.  
FAN GROUP INC.  
HOWDEN AMERICAN FAN COMPANY  
HOWDEN ROOTS LLC  
IMO HOLDINGS, INC.  
IMO INDUSTRIES INC.  
PORTLAND VALVE LLC  
SHAWBONE HOLDINGS INC.  
STOODY COMPANY  
THE ESAB GROUP, INC.  
COLFAX FLUID HANDLING RELIABILITY SERVICES  
COMPANY  
VICTOR EQUIPMENT COMPANY  
VICTOR TECHNOLOGIES GROUP, INC.  
VICTOR TECHNOLOGIES HOLDINGS, INC.  
VICTOR TECHNOLOGIES INTERNATIONAL, INC.  
WARREN PUMPS LLC,  
as Guarantors**

By: /s/ C. Scott Brannan  
Title: President

**Howden Compressors, Inc.,**  
**Howden North America Inc.,**  
as Guarantors

By: /s/ C. Scott Brannan  
Title: Vice President of each of the foregoing

**Howden construction services Inc.,**  
as Guarantor

By: /s/ C. Scott Brannan  
Title: Authorized Signatory

**Howden construction services Inc.,**  
as Guarantor

By: /s/ C. Scott Brannan  
Title: Authorized Signatory

SIGNATURE PAGE TO THE SECOND AMENDMENT,  
DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN  
RESPECT OF THAT CERTAIN CREDIT AGREEMENT,  
DATED AS OF JUNE 5, 2015, AMONG COLFAX  
CORPORATION, EACH OF THE OTHER LOAN PARTIES,  
THE LENDERS PARTY THERETO, AND DEUTSCHE BANK  
AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Bank of America, N.A.

By: /s/ Christopher Wozniak

Title: Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: /s/ George Stoecklein

Title: Managing Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

BARCLAYS BANK PLC

By: /s/ Evan Moriarty

Title: Assistant Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Citibank, N.A.

By: /s/ Millie Schild

Title: Vice President



SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Citizens Bank of Pennsylvania

By: /s/ Leslie D. Broderick

Title: Senior Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Commerzbank AG New York Branch

By: /s/ Diane Pockaj

Title: Managing Director

By: /s/ Waqas Chaudhry

Title: Associate

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Credit Agricole Corporate and Investment Bank

By: /s/ Gordon Yip

Title: Director

By: /s/ Gary Herzog

Title: Managing Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Vipul Dhadha

Title: Authorized Signatory

By: /s/ Joan Park

Title: Authorized Signatory

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

DNB CAPITAL LLC

By: /s/ Colleen Durkin

Title: Senior Vice President

By: /s/ Kristie Li

Title: Senior Vice President

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DZ BANK AG  
DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK  
FRANKFURT AM MAIN  
NEW YORK BRANCH

By: /s/ Paul Fitzpatrick  
Title: Senior Vice President

By: /s/ Oliver Hildenbrand  
Title: Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

GOLDMAN SACHS BANK USA

By: /s/ Jerry Li

Title: Authorized Signatory

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Patrick D. Mueller

Title: Director



SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

JPMORGAN CHASE BANK, N.A.

By: /s/ Philip Mousin

Title: Executive Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

KBC Bank N.V., New York Branch

By: /s/ Diane M. Grimmig

Title: Managing Director

By: /s/ Sheila Bermejo

Title: Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

KEYBANK NATIONAL ASSOCIATION

By: /s/ Marcel Fournier

Title: Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Morgan Stanley Bank, N.A.

By: /s/ Dmitry Barskiy

Title: Authorized Signatory

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

THE BANK OF NOVA SCOTIA

By: /s/ Michael Grad

Title: Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

PNC Bank, NA

By: /s/ David Notaro

Title: Sr. Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

ROYAL BANK OF CANADA

By: /s/ Jason C. Hedrick

Title: Authorized Signatory

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

Sumitomo Mitsui Banking Corporation

By: /s/ David Kee

Title: Managing Director



SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

SunTrust Bank

By: /s/ Chris Hursey

Title: Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

TD BANK, N.A.

By: /s/ Mark Hogan

Title: Senior Vice President

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

UniCredit Bank AG, New York Branch:

By: /s/ Ken Hamilton

Title: Managing Director

By: /s/ Thomas Petz

Title: Director

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Marty McDonald

Title: AVP

SIGNATURE PAGE TO THE SECOND AMENDMENT, DATED AS OF THE DATE FIRST WRITTEN ABOVE, IN RESPECT OF THAT CERTAIN CREDIT AGREEMENT, DATED AS OF JUNE 5, 2015, AMONG COLFAX CORPORATION, EACH OF THE OTHER LOAN PARTIES, THE LENDERS PARTY THERETO, AND DEUTSCHE BANK AG NEW YORK BRANCH, as ADMINISTRATIVE AGENT.

NAME OF INSTITUTION:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Nathan R. Rantala

Title: Director

**DEUTSCHE BANK AG NEW YORK**

**BRANCH**, as Administrative Agent and as a Lender and the Swing Line Lender

By: /s/ Peter Cucchiara

Title: Vice President

By: /s/ Michael Shannon

Title: Vice President

## CERTIFICATIONS

I, Matthew L. Trerotola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colfax Corporation;
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.

Dated: July 28, 2016

/s/ MATTHEW L. TREROTOLA

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**Matthew L. Trerotola**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**

## CERTIFICATIONS

I, C. Scott Brannan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colfax Corporation;
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.

Dated: July 28, 2016

/s/ C. SCOTT BRANNAN

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**C. Scott Brannan**  
**Senior Vice President, Finance,**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**

**Certification Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

I, Matthew L. Trerotola, as President and Chief Executive Officer of Colfax Corporation (the "Company"), 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:

1. the quarterly report on Form 10-Q of the Company for the period ended July 1, 2016 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 28, 2016

/s/ MATTHEW L. TREROTOLA

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**Matthew L. Trerotola**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**



**Certification Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

I, C. Scott Brannan, as Senior Vice President, Finance, Chief Financial Officer and Treasurer of Colfax Corporation (the "Company"), 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:

1. the quarterly report on Form 10-Q of the Company for the period ended July 1, 2016 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 28, 2016

/s/ C. SCOTT BRANNAN

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**C. Scott Brannan**  
**Senior Vice President, Finance,**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**