

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 27, 2014

OR

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

For the transition period from _____ to _____

Commission file number - 001-34045

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 June 27, 2014, there were 123,671,171 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 OPERATIONS
Dollars in thousands, except per share amounts
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net sales	\$ 1,199,336	\$ 1,074,118	\$ 2,253,667	\$ 2,021,261
Cost of sales	811,165	736,296	1,539,864	1,392,714
Gross profit	388,171	337,822	713,803	628,547
Selling, general and administrative expense	279,029	221,693	510,611	435,877
Restructuring and other related charges	13,474	4,477	19,786	8,691
Operating income	95,668	111,652	183,406	183,979
Interest expense	13,624	18,054	25,946	41,343
Income before income taxes	82,044	93,598	157,460	142,636
(Benefit from) provision for income taxes	(116,300)	26,398	(95,721)	43,161
Net income	198,344	67,200	253,181	99,475
Less: income attributable to noncontrolling interest, net of taxes	6,559	8,808	14,606	13,448
Net income attributable to Colfax Corporation	191,785	58,392	238,575	86,027
Dividends on preferred stock	—	5,086	2,348	10,168
Preferred stock conversion inducement payment	—	—	19,565	—
Net income available to Colfax Corporation common shareholders	\$ 191,785	\$ 53,306	\$ 216,662	\$ 75,859
Net income per share- basic	\$ 1.55	\$ 0.53	\$ 1.83	\$ 0.75
Net income per share- diluted	\$ 1.53	\$ 0.52	\$ 1.81	\$ 0.74

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net income	\$ 198,344	\$ 67,200	\$ 253,181	\$ 99,475
Other comprehensive income (loss):				
Foreign currency translation, net of tax of \$0, \$(475), \$0 and \$(624)	46,531	(41,833)	40,882	(173,953)
Unrealized gain (loss) on hedging activities, net of tax of \$258, \$0, \$125 and \$(643)	3,292	(4,339)	3,124	3,425
Changes in deferred tax related to pension and other postretirement benefit cost	1,934	—	1,934	—
Amounts reclassified from Accumulated other comprehensive income (loss):				
Net pension and other postretirement benefit cost, net of tax of \$132, \$213, \$305 and \$354	1,741	2,563	3,634	5,157
Other comprehensive income (loss)	53,498	(43,609)	49,574	(165,371)
Comprehensive income (loss)	251,842	23,591	302,755	(65,896)
Less: comprehensive income attributable to noncontrolling interest	8,691	222	13,510	950
Comprehensive income (loss) attributable to Colfax Corporation	\$ 243,151	\$ 23,369	\$ 289,245	\$ (66,846)

See Notes to Condensed Consolidated Financial Statements.

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

	<u>June 27, 2014</u>	<u>December 31, 2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 333,969	\$ 311,301
Trade receivables, less allowance for doubtful accounts of \$29,056 and \$31,282	1,152,915	1,029,718
Inventories, net	569,197	445,153
Other current assets	354,671	351,124
Total current assets	<u>2,410,752</u>	<u>2,137,296</u>
Property, plant and equipment, net	812,353	756,507
Goodwill	3,065,776	2,391,270
Intangible assets, net	1,162,006	832,553
Other assets	476,946	471,423
Total assets	<u>\$ 7,927,833</u>	<u>\$ 6,589,049</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 60,411	\$ 29,449
Accounts payable	826,395	862,125
Accrued liabilities	530,475	489,221
Total current liabilities	<u>1,417,281</u>	<u>1,380,795</u>
Long-term debt, less current portion	1,811,579	1,457,642
Other liabilities	1,049,567	1,009,489
Total liabilities	<u>4,278,427</u>	<u>3,847,926</u>
Equity:		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized; none and 13,877,552 issued and outstanding	—	14
Common stock, \$0.001 par value; 400,000,000 shares authorized; 123,671,171 and 101,921,613 issued and outstanding	124	102
Additional paid-in capital	3,173,873	2,541,005
Retained earnings	236,038	19,376
Accumulated other comprehensive income (loss)	4,070	(46,600)
Total Colfax Corporation equity	<u>3,414,105</u>	<u>2,513,897</u>
Noncontrolling interest	235,301	227,226
Total equity	<u>3,649,406</u>	<u>2,741,123</u>
Total liabilities and equity	<u>\$ 7,927,833</u>	<u>\$ 6,589,049</u>

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		Preferred Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interest	Total
	Shares	\$ Amount	Shares	\$ Amount					
Balance at January 1, 2014	101,921,613	\$ 102	13,877,552	\$ 14	\$ 2,541,005	\$ 19,376	\$ (46,600)	\$ 227,226	\$ 2,741,123
Net income	—	—	—	—	—	238,575	—	14,606	253,181
Distributions to noncontrolling owners	—	—	—	—	—	—	—	(5,435)	(5,435)
Preferred stock dividend	—	—	—	—	—	(2,348)	—	—	(2,348)
Preferred stock conversion	12,173,291	12	(13,877,552)	(14)	2	(19,565)	—	—	(19,565)
Other comprehensive income (loss), net of tax of \$(1.5) million	—	—	—	—	—	—	50,670	(1,096)	49,574
Common stock issuance, net of costs of \$22.1 million	9,200,000	9	—	—	610,354	—	—	—	610,363
Common stock-based award activity	193,267	—	—	—	10,663	—	—	—	10,663
Contribution to defined benefit pension plan	183,000	1	—	—	11,849	—	—	—	11,850
Balance at June 27, 2014	123,671,171	\$ 124	—	\$ —	\$ 3,173,873	\$ 236,038	\$ 4,070	\$ 235,301	\$ 3,649,406

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	June 27, 2014	June 28, 2013
Cash flows from operating activities:		
Net income	\$ 253,181	\$ 99,475
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairment charges	86,754	55,579
Stock-based compensation expense	8,362	6,147
Non-cash interest expense	4,574	10,187
Deferred income tax (benefit) provision	(152,208)	4,622
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables, net	(49,468)	(86,098)
Inventories, net	(19,620)	4,417
Accounts payable	(65,352)	35,599
Changes in other operating assets and liabilities	(26,765)	(44,246)
Net cash provided by operating activities	39,458	85,682
Cash flows from investing activities:		
Purchases of fixed assets, net	(42,209)	(35,643)
Acquisition, net of cash acquired	(951,186)	—
Net cash used in investing activities	(993,395)	(35,643)
Cash flows from financing activities:		
Borrowings under term credit facility	150,000	50,861
Payments under term credit facility	—	(274,695)
Proceeds from borrowings on revolving credit facilities	997,442	182,590
Repayments of borrowings on revolving credit facilities	(760,454)	(190,187)
Proceeds from issuance of common stock, net	612,663	322,812
Preferred stock conversion inducement payment	(19,565)	—
Payments of dividend on preferred stock	(3,853)	(10,168)
Other	(9,776)	(11,171)
Net cash provided by financing activities	966,457	70,042
Effect of foreign exchange rates on Cash and cash equivalents	10,148	(14,593)
Increase in Cash and cash equivalents	22,668	105,488
Cash and cash equivalents, beginning of period	311,301	482,449
Cash and cash equivalents, end of period	\$ 333,969	\$ 587,937

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, 2013 is derived from the Company’s audited financial statements. During the three months ended June 27, 2014, adjustments were made retrospectively to provisional amounts recorded as of December 31, 2013, primarily due to the Company’s valuation of specific items related to acquisitions that occurred in the three months ended December 31, 2013. See Note 3, “Acquisitions” for additional information regarding these adjustments. 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, 2013 (the “2013 Form 10-K”), filed with the SEC on February 12, 2014.

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.

In February 2014, the Venezuelan government introduced an additional auction-based foreign exchange system (“SICAD II”) which began operating on March 24, 2014. As there are multiple legal mechanisms in Venezuela to exchange currency, the Company has determined the SICAD II to be the most appropriate rate with which to remeasure the Company’s Venezuelan operations. The adoption of the SICAD II resulted in an 87% devaluation relative to the U.S. dollar from the previously used official rate of 6.3 bolivar fuerte to the U.S. dollar. As of June 27, 2014 and for the three and six months ended June 27, 2014, the Company’s Venezuelan operations represented less than 1% of the Company’s Total assets and Net sales. The bolivar-denominated monetary net asset position, primarily related to cash and cash equivalents, was \$0.8 million in the Condensed Consolidated Balance Sheet as of June 27, 2014. The change in exchange rates resulted in a foreign currency transaction loss of \$6.3 million recognized in Selling, general and administrative expense in the Condensed Consolidated Statements of Operations for the three and six months ended June 27, 2014.

The results of operations for the three and six months ended June 27, 2014 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 holiday season. General economic conditions may, however, impact future seasonal variations.

2. Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2013-11, “Income Taxes (Topic 740)” (“ASU No. 2013-11”). ASU No. 2013-11 is intended to clarify the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except in certain circumstances. To the extent a carryforward is not available at the reporting date or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability. The adoption of ASU No. 2013-11 during the six months ended June 27, 2014 did not have a material impact on the Company’s Condensed Consolidated Balance Sheet. As of June 27, 2014, \$32.5 million of

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

unrecognized tax benefit was presented as a reduction to the Company’s deferred tax asset, which is included in Other assets in the Condensed Consolidated Balance Sheet. As ASU No. 2013-11 was not adopted retrospectively, \$9.2 million of unrecognized tax benefits are included in Other liabilities in the Condensed Consolidated Balance Sheet as of December 31, 2013.

In April 2014, the FASB issued ASU No. 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)—Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity” (“ASU No. 2014-08”). ASU No. 2014-08 changes the requirements for reporting discontinued operations. Under ASU No. 2014-08, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the entity’s operations and financial results. Additionally, ASU No. 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. ASU No. 2014-08 is effective prospectively for fiscal years beginning after December 15, 2014, with early adoption permitted for disposals that have not been reported in financial statements previously issued. The Company will apply the provisions of ASU No. 2014-08 to future reporting of discontinued operations.

In May 2014, the FASB issued 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. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2016, and is to be applied retrospectively, or on a modified retrospective basis. Early adoption is not permitted. The Company is currently evaluating the impact of adopting ASU No. 2014-09 on its Consolidated Financial Statements.

3. Acquisitions

Victor Technologies Holdings, Inc.

On April 14, 2014, Colfax completed the acquisition of the common stock of Victor Technologies Holdings, Inc. (“Victor”) for total net cash consideration of \$951.2 million, including the assumption of debt, subject to certain adjustments (the “Victor Acquisition”). Victor is a global manufacturer of cutting, gas control and specialty welding solutions. The acquisition will complement the geographic footprint of our fabrication technology segment, as well as expand our product portfolio into new segments and applications.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the Victor Acquisition. The amounts represent the Company’s best estimate of the aggregate fair value of the assets acquired and liabilities assumed. These amounts are based upon certain valuations, studies and analyses that have yet to be finalized, and accordingly, the assets acquired and liabilities assumed, as detailed below, are subject to adjustment once the detailed analyses are completed. Substantially all of the Goodwill recognized is not expected to be deductible for income tax purposes.

	April 14, 2014
	(In thousands)
Trade receivables	\$ 76,778
Inventories	112,277
Property, plant and equipment	59,273
Goodwill	619,862
Intangible assets	378,900
Accounts payable	(34,134)
Other assets and liabilities, net	(261,770)
Consideration, net of cash acquired	\$ 951,186

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

The following table summarizes Intangible assets acquired, excluding Goodwill, as of April 14, 2014:

	Intangible Asset (In thousands)	Weighted-Average Amortization Period (Years)
Customer relationships	\$ 281,156	12.83
Acquired technology	18,602	10.00
Other intangible assets	25,842	9.35
Total amortizable intangible assets	\$ 325,600	12.39
Trade names – indefinite life	\$ 53,300	n/a

During the six months end June 27, 2014, the Company's Consolidated Statement of Operations included \$108.1 million and \$7.5 million of Net sales and Net income, respectively, associated with the Victor Acquisition. In connection with the Victor Acquisition, the Company incurred advisory, legal, valuation and other professional service fees of \$2.7 million included in Selling, general and administrative expense in the Condensed Consolidated Statements of Operations and \$2.7 million of termination payments to Victor executives included in Restructuring and other related charges in the Condensed Consolidated Statements of Operations for both the three and six months ended June 27, 2014.

Other

During the three months ended December 31, 2013, the Company completed four acquisitions: the global infrastructure and industry division of Fläkt Woods Group, Sistemas Centrales de Lubrication S.A. de C.V., ČKD Kompresory a.s., and certain business units of The New York Blower Company, including TLT-Babcock Inc. and Alphair Ventilating Systems Inc. These four acquisitions were accounted for using the acquisition method of accounting for which the Company is continuing to evaluate the fair value of the assets acquired and liabilities assumed during the measurement period, as certain valuations, studies and analyses are yet to be finalized. During the three months ended June 27, 2014, the Company retrospectively adjusted provisional amounts with respect to these four 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 for the six months ended June 27, 2014 of \$6.7 million increased the Goodwill balance.

4. Goodwill and Intangible Assets

The following table summarizes the activity in Goodwill, by segment, during the six months ended June 27, 2014:

	Gas and Fluid Handling	Fabrication Technology	Total
	(In thousands)		
Balance, December 31, 2013	\$ 1,513,772	\$ 877,498	\$ 2,391,270
Goodwill attributable to Victor Acquisition	—	619,862	619,862
Impact of foreign currency translation and other	26,969	27,675	54,644
Balance, June 27, 2014	\$ 1,540,741	\$ 1,525,035	\$ 3,065,776

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

The following table summarizes the Intangible assets, excluding Goodwill:

	June 27, 2014		December 31, 2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
(In thousands)				
Trade names – indefinite life	\$ 454,395	\$ —	\$ 412,341	\$ —
Acquired customer relationships	624,977	(66,143)	353,337	(51,675)
Acquired technology	124,529	(24,775)	114,647	(22,757)
Acquired backlog	71,503	(67,803)	73,476	(65,919)
Other intangible assets	54,621	(9,298)	26,061	(6,958)
	\$ 1,330,025	\$ (168,019)	\$ 979,862	\$ (147,309)

See Note 3, “Acquisitions” for additional information regarding the activity in Goodwill and intangible assets associated with the Victor Acquisition.

During the six months ended June 27, 2014, an analysis was performed to evaluate certain long-lived and indefinite-lived intangible assets related to a specific operation within the gas- and fluid-handling segment due to the decision to substantially reduce its operations. The analysis determined the long-lived and indefinite-lived intangible assets, primarily consisting of trade names, acquired customer relationships, and acquired technology, were no longer recoverable based upon relief from royalty measurements and projected undiscounted net cash flows. The analysis resulted in a \$12.1 million impairment loss, included in Selling, general and administrative expense in the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 27, 2014.

As of June 27, 2014, total amortization expense for amortizable intangible assets is expected to be \$60.6 million, \$69.3 million, \$65.6 million, \$61.6 million, \$58.3 million and \$55.0 million for the years ending December 31, 2014, 2015, 2016, 2017, 2018 and 2019, respectively.

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

5. Net Income Per Share

Net income per share available to Colfax Corporation common shareholders was computed as follows:

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(In thousands, except share data)				
<i>Computation of Net income per share - basic:</i>				
Net income available to Colfax Corporation common shareholders	\$ 191,785	\$ 53,306	\$ 216,662	\$ 75,859
Less: net income attributable to participating securities ⁽¹⁾	—	(845)	—	(3,740)
	\$ 191,785	\$ 52,461	\$ 216,662	\$ 72,119
Weighted-average shares of Common stock outstanding - basic	123,808,859	98,219,835	118,279,102	96,257,214
Net income per share - basic	\$ 1.55	\$ 0.53	\$ 1.83	\$ 0.75
<i>Computation of Net income per share - diluted:</i>				
Net income available to Colfax Corporation common shareholders	\$ 191,785	\$ 53,306	\$ 216,662	\$ 75,859
Less: net income attributable to participating securities ⁽¹⁾	—	—	—	(3,740)
Add: dividends on preferred stock ⁽¹⁾	—	5,086	—	—
	\$ 191,785	\$ 58,392	\$ 216,662	\$ 72,119
Weighted-average shares of Common stock outstanding - basic	123,808,859	98,219,835	118,279,102	96,257,214
Net effect of potentially dilutive securities - stock options and restricted stock units	1,676,621	1,129,832	1,638,638	1,027,823
Net effect of potentially dilutive securities - convertible preferred stock ⁽¹⁾	—	12,173,291	—	—
Weighted-average shares of Common stock outstanding - diluted	125,485,480	111,522,958	119,917,740	97,285,037
Net income per share - diluted	\$ 1.53	\$ 0.52	\$ 1.81	\$ 0.74

⁽¹⁾ Net income per share - diluted for periods prior to April 23, 2013 was calculated consistently with the two-class method in accordance with GAAP as the outstanding shares of Series A Perpetual Convertible Preferred Stock were considered participating securities. Subsequent to April 23, 2013 and prior to February 12, 2014, Net income per share - diluted was calculated consistently with the if-converted method in accordance with GAAP until the outstanding shares of Series A Perpetual Convertible Preferred Stock were converted to Common stock. However, for the six months ended June 28, 2013, the calculation under this method was anti-dilutive. In addition, weighted-average shares outstanding - diluted for the six months ended June 27, 2014 excludes the weighted average effect of 2.8 million Common stock equivalents for the period from January 1, 2014 through February 12, 2014, as their inclusion would be anti-dilutive. See Note 7, "Equity" for further discussion of the Series A Perpetual Convertible Preferred Stock conversion.

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 June 27, 2014 and June 28, 2013 excludes approximately 0.7 million and 0.5 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 June 27, 2014 and June 28, 2013 excludes approximately 0.6 million and 0.7 million of outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

6. Income Taxes

Income before income taxes was \$82.0 million and \$157.5 million and the Benefit from income taxes was \$116.3 million and \$95.7 million for the three and six months ended June 27, 2014, respectively. The Benefit from income taxes for both periods was impacted by the reassessment of the realizability of certain deferred tax assets as a result of the effect of the Victor Acquisition on expected future income. This reassessment resulted in a decrease in the Company's valuation allowance against U.S. deferred tax assets. The reduction in the valuation allowance created a non-cash income tax benefit for the three and six months ended June 27, 2014 of \$113.1 million. Additionally, a tax benefit of \$19.4 million was included in Benefit from income taxes in the Condensed Consolidated Statements of Operations for the three and six months ended June 27, 2014 associated with the resolution of a liability for unrecognized tax benefits. These items are the principal reasons for a tax benefit rather than a tax provision, which would result from the application of the U.S. federal statutory rate to the reported Income before income taxes for the three and six months ended June 27, 2014.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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During the three months ended June 28, 2013, Income before income taxes was \$93.6 million and the Provision for income taxes was \$26.4 million. The effective tax rate of 28.2% for the three months ended June 28, 2013 differs from the U.S. federal statutory rate primarily due to international tax rates, which are lower than the U.S. tax rate, and resolution of a liability for unrecognized tax benefits resulting in a gain of \$2.3 million offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2013.

During the six months ended June 28, 2013, Income before income taxes was \$142.6 million and the Provision for income taxes was \$43.2 million. The effective tax rate of 30.3% for the six months ended June 28, 2013 differs from the U.S. federal statutory rate primarily due to international tax rates, which are lower than the U.S. tax rate, and the resolution of a liability for unrecognized tax benefits resulting in a gain of \$2.3 million offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2013.

7. Equity

Common Stock

On January 15, 2014, the Company contributed 183,000 shares of newly issued Colfax Common stock to its U.S. defined benefit pension plan.

On February 20, 2014, the Company sold 9,200,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$632.5 million. In conjunction with this issuance, the Company recognized \$22.1 million in equity issuance costs, which were recorded as a reduction to Additional paid-in capital during the six months ended June 27, 2014.

Preferred Stock

The Company entered into a Conversion Agreement with BDT CF Acquisition Vehicle, LLC (the "BDT Investor"), pursuant to which the BDT Investor exercised its option to convert 13,877,552 shares of Series A Perpetual Convertible Preferred Stock into 12,173,291 shares of the Company's Common stock plus cash in lieu of a .22807018 share interest, which conversion occurred on February 12, 2014. As consideration for the BDT Investor's agreement to exercise its optional conversion right, the Company paid approximately \$23.4 million to the BDT Investor, of which \$19.6 million represents the Preferred stock conversion inducement payment in the Condensed Consolidated Statement of Operations for the six months ended June 27, 2014.

Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in the balances of each component of Accumulated other comprehensive income (loss) including reclassifications out of Accumulated other comprehensive income (loss) for the six months ended June 27, 2014 and June 28, 2013. All amounts are net of tax and noncontrolling interest.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Accumulated Other Comprehensive Income (Loss) Components

	Net Unrecognized Pension And Other Post-Retirement Benefit Cost	Foreign Currency Translation Adjustment	Unrealized Loss On Hedging Activities	Total
(In thousands)				
Balance at January 1, 2014	\$ (159,795)	\$ 127,604	\$ (14,409)	\$ (46,600)
Other comprehensive income before reclassifications:				
Foreign currency translation adjustment	—	32,481	—	32,481
Gain on long-term intra-entity foreign currency transactions	—	9,531	—	9,531
Gain on net investment hedges	—	—	4,773	4,773
Unrealized loss on cash flow hedges	—	—	(1,683)	(1,683)
Other	1,934	—	—	1,934
Other comprehensive income before reclassifications	1,934	42,012	3,090	47,036
Amounts reclassified from Accumulated other comprehensive income (loss)	3,634	—	—	3,634
Net current period Other comprehensive income	5,568	42,012	3,090	50,670
Balance at June 27, 2014	<u>\$ (154,227)</u>	<u>\$ 169,616</u>	<u>\$ (11,319)</u>	<u>\$ 4,070</u>

Accumulated Other Comprehensive Income (Loss) Components

	Net Unrecognized Pension And Other Post-Retirement Benefit Cost	Foreign Currency Translation Adjustment	Unrealized Loss On Hedging Activities	Total
(In thousands)				
Balance at January 1, 2013	\$ (247,332)	\$ 104,718	\$ (3,980)	\$ (146,594)
Other comprehensive (loss) income before reclassifications:				
Foreign currency translation adjustment	—	(154,230)	—	(154,230)
Loss on long-term intra-entity foreign currency transactions	—	(7,299)	—	(7,299)
Gain on net investment hedges	—	—	7,263	7,263
Unrealized loss on cash flow hedges	—	—	(3,764)	(3,764)
Other comprehensive (loss) income before reclassifications	—	(161,529)	3,499	(158,030)
Amounts reclassified from Accumulated other comprehensive income (loss)	5,157	—	—	5,157
Net current period Other comprehensive income (loss)	5,157	(161,529)	3,499	(152,873)
Balance at June 28, 2013	<u>\$ (242,175)</u>	<u>\$ (56,811)</u>	<u>\$ (481)</u>	<u>\$ (299,467)</u>

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

The effect on Net income of amounts reclassified out of each component of Accumulated other comprehensive income (loss) for the three and six months ended June 27, 2014 and June 28, 2013 is as follows:

	Three Months Ended June 27, 2014			Six Months Ended June 27, 2014		
	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)	Tax Benefit	Total	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)	Tax Benefit	Total
	(In thousands)					
Pension and other post-retirement benefit cost:						
Amortization of net loss ⁽¹⁾	\$ 1,811	\$ (132)	\$ 1,679	\$ 3,815	\$ (305)	\$ 3,510
Amortization of prior service cost ⁽¹⁾	62	—	62	124	—	124
	\$ 1,873	\$ (132)	\$ 1,741	\$ 3,939	\$ (305)	\$ 3,634
	Three Months Ended June 28, 2013			Six Months Ended June 28, 2013		
	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)	Tax Benefit	Total	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)	Tax Benefit	Total
	(In thousands)					
Pension and other post-retirement benefit cost:						
Amortization of net loss ⁽¹⁾	\$ 2,714	\$ (213)	\$ 2,501	\$ 5,387	\$ (354)	\$ 5,033
Amortization of prior service cost ⁽¹⁾	62	—	62	124	—	124
	\$ 2,776	\$ (213)	\$ 2,563	\$ 5,511	\$ (354)	\$ 5,157

⁽¹⁾Included in the computation of net periodic benefit (income) cost. See Note 11, "Net Periodic Benefit Cost - Defined Benefit Plans" for additional details.

During the six months ended June 27, 2014 and June 28, 2013, Noncontrolling interest decreased by \$1.1 million and \$12.5 million, respectively, as a result of Other comprehensive loss, primarily due to foreign currency translation adjustment.

8. Inventories, Net

Inventories, net consisted of the following:

	June 27, 2014	December 31, 2013
	(In thousands)	
Raw materials	\$ 185,676	\$ 145,689
Work in process	109,045	114,206
Finished goods	311,471	222,109
	606,192	482,004
Less: customer progress payments	(4,812)	(4,078)
Less: allowance for excess, slow-moving and obsolete inventory	(32,183)	(32,773)
Inventories, net	\$ 569,197	\$ 445,153

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

9. Debt

Long-term debt consisted of the following:

	June 27, 2014	December 31, 2013
	(In thousands)	
Term loans	\$ 1,264,367	\$ 1,115,238
Revolving credit facilities and other	607,623	371,853
Total Debt	1,871,990	1,487,091
Less: current portion	(60,411)	(29,449)
Long-term debt	\$ 1,811,579	\$ 1,457,642

The Company is party to a credit agreement by and among the Company, Colfax UK Holdings Ltd, the other subsidiaries of the Company party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, as amended (the “Deutsche Bank Credit Agreement”).

On May 14, 2014, the Company entered into an Incremental Amendment to the Term A-1 facility under the Deutsche Bank Credit Agreement, as amended. Pursuant to the Incremental Amendment, the borrowing capacity of the Term A-1 facility was increased by \$150.0 million to an aggregate of \$558.7 million, upon the same terms as the existing Term A-1 facility.

The Company had an original issue discount of \$15.1 million and deferred financing fees of \$11.5 million included in its Condensed Consolidated Balance Sheet as of June 27, 2014, which will be accreted to Interest expense primarily using the effective interest method, over the life of the Deutsche Bank Credit Agreement. As of June 27, 2014, the weighted-average interest rate of borrowings under the amended Deutsche Bank Credit Agreement was 1.69%, excluding accretion of original issue discount, and there was \$319.9 million available on the revolving credit subfacilities, including \$199.9 million available on a letter of credit subfacility.

The Company is also party to additional letter of credit facilities with total capacity of \$699.7 million. Total letters of credit of \$466.9 million were outstanding as of June 27, 2014.

As of June 27, 2014, the Company is in compliance with the covenants under the Deutsche Bank Credit Agreement.

10. Accrued Liabilities

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

	June 27, 2014	December 31, 2013
	(In thousands)	
Accrued payroll	\$ 138,158	\$ 136,645
Advance payment from customers	45,348	53,280
Accrued taxes and deferred tax liability - current portion	107,445	75,274
Accrued asbestos-related liability	54,335	51,142
Warranty liability - current portion	56,429	54,977
Accrued restructuring liability - current portion	11,427	12,856
Accrued third-party commissions	13,599	13,095
Other	103,734	91,952
Accrued liabilities	\$ 530,475	\$ 489,221

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Warranty Liability

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

	Six Months Ended	
	June 27, 2014	June 28, 2013
(In thousands)		
Warranty liability, beginning of period	\$ 61,472	\$ 40,437
Accrued warranty expense	10,978	9,095
Changes in estimates related to pre-existing warranties	(2,764)	(816)
Cost of warranty service work performed	(12,830)	(10,611)
Acquisitions	4,488	—
Foreign exchange translation effect	(296)	(1,142)
Warranty liability, end of period	<u>\$ 61,048</u>	<u>\$ 36,963</u>

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 June 27, 2014				
	Balance at Beginning of Period	Provisions	Payments	Foreign Currency Translation	Balance at End of Period ⁽³⁾
(In thousands)					
Restructuring and other related charges:					
Gas and Fluid Handling:					
Termination benefits ⁽¹⁾	\$ 3,638	\$ 5,010	\$ (4,901)	\$ (23)	\$ 3,724
Facility closure costs ⁽²⁾	756	2,447	(1,931)	(7)	1,265
	<u>4,394</u>	<u>7,457</u>	<u>(6,832)</u>	<u>(30)</u>	<u>4,989</u>
Non-cash impairment		2,081			
		<u>9,538</u>			
Fabrication Technology:					
Termination benefits ⁽¹⁾	7,033	9,918	(10,924)	(91)	5,936
Facility closure costs ⁽²⁾	1,429	330	(1,254)	(2)	503
	<u>8,462</u>	<u>10,248</u>	<u>(12,178)</u>	<u>(93)</u>	<u>6,439</u>
Corporate and Other:					
Facility closure costs ⁽²⁾	1,259	—	(170)	32	1,121
	<u>1,259</u>	<u>—</u>	<u>(170)</u>	<u>32</u>	<u>1,121</u>
	<u>\$ 14,115</u>	<u>\$ 17,705</u>	<u>\$ (19,180)</u>	<u>\$ (91)</u>	<u>\$ 12,549</u>
Non-cash impairment		2,081			
		<u>\$ 19,786</u>			

⁽¹⁾ 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.

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

⁽³⁾ As of June 27, 2014, \$11.4 million and \$1.1 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 \$40 million during the remainder of 2014 related to these restructuring activities.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

11. 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	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(In thousands)				
Pension Benefits-U.S. Plans:				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	4,766	4,450	9,322	8,774
Expected return on plan assets	(6,119)	(6,228)	(11,934)	(12,419)
Amortization	1,298	1,963	2,596	3,927
Net periodic benefit (income) cost	\$ (55)	\$ 185	\$ (16)	\$ 282
Pension Benefits-Non U.S. Plans:				
Service cost	\$ 1,015	\$ 862	\$ 1,912	\$ 1,822
Interest cost	12,681	11,498	25,087	22,204
Expected return on plan assets	(10,914)	(8,669)	(21,643)	(16,490)
Amortization	465	636	1,123	1,231
Net periodic benefit cost	\$ 3,247	\$ 4,327	\$ 6,479	\$ 8,767
Other Post-Retirement Benefits:				
Service cost	\$ 39	\$ 45	\$ 73	\$ 90
Interest cost	285	268	583	502
Amortization	110	177	220	353
Net periodic benefit cost	\$ 434	\$ 490	\$ 876	\$ 945

12. 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 \$1.9 billion and \$1.5 billion as of June 27, 2014 and December 31, 2013, respectively, 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.

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

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:

	June 27, 2014			
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 43,488	\$ —	\$ —	\$ 43,488
Foreign currency contracts related to sales - designated as hedges	—	9,195	—	9,195
Foreign currency contracts related to sales - not designated as hedges	—	1,110	—	1,110
Foreign currency contracts related to purchases - designated as hedges	—	507	—	507
Foreign currency contracts related to purchases - not designated as hedges	—	390	—	390
Deferred compensation plans	—	2,738	—	2,738
	<u>\$ 43,488</u>	<u>\$ 13,940</u>	<u>\$ —</u>	<u>\$ 57,428</u>
<i>Liabilities:</i>				
Foreign currency contracts related to sales - designated as hedges	\$ —	\$ 400	\$ —	\$ 400
Foreign currency contracts related to sales - not designated as hedges	—	1,128	—	1,128
Foreign currency contracts related to purchases - designated as hedges	—	1,131	—	1,131
Foreign currency contracts related to purchases - not designated as hedges	—	1,539	—	1,539
Deferred compensation plans	—	2,738	—	2,738
Liability for contingent payments	—	—	2,857	2,857
	<u>\$ —</u>	<u>\$ 6,936</u>	<u>\$ 2,857</u>	<u>\$ 9,793</u>

	December 31, 2013			
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 22,032	\$ —	\$ —	\$ 22,032
Foreign currency contracts related to sales - designated as hedges	—	11,241	—	11,241
Foreign currency contracts related to sales - not designated as hedges	—	3,642	—	3,642
Foreign currency contracts related to purchases - designated as hedges	—	428	—	428
Foreign currency contracts related to purchases - not designated as hedges	—	2,543	—	2,543
Deferred compensation plans	—	2,414	—	2,414
	<u>\$ 22,032</u>	<u>\$ 20,268</u>	<u>\$ —</u>	<u>\$ 42,300</u>
<i>Liabilities:</i>				
Foreign currency contracts related to sales - designated as hedges	\$ —	\$ 1,126	\$ —	\$ 1,126
Foreign currency contracts related to sales - not designated as hedges	—	3,625	—	3,625
Foreign currency contracts related to purchases - designated as hedges	—	742	—	742
Foreign currency contracts related to purchases - not designated as hedges	—	846	—	846
Deferred compensation plans	—	2,414	—	2,414
Liability for contingent payments	—	—	6,176	6,176
	<u>\$ —</u>	<u>\$ 8,753</u>	<u>\$ 6,176</u>	<u>\$ 14,929</u>

There were no transfers in or out of Level One, Two or Three during the six months ended June 27, 2014.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Foreign Currency Contracts

As of June 27, 2014 and December 31, 2013, the Company had foreign currency contracts with the following notional values:

	June 27, 2014	December 31, 2013
	(In thousands)	
Foreign currency contracts sold - not designated as hedges	\$ 194,193	\$ 244,755
Foreign currency contracts sold - designated as hedges	213,076	206,220
Foreign currency contracts purchased - not designated as hedges	111,027	273,714
Foreign currency contracts purchased - designated as hedges	60,246	46,728
Total foreign currency derivatives	<u>\$ 578,542</u>	<u>\$ 771,417</u>

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

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
	(In thousands)			
Contracts Designated as Hedges:				
Foreign Currency Contracts - related to customer sales contracts:				
Unrealized gain (loss)	\$ 230	\$ 407	\$ (1,158)	\$ (590)
Realized gain (loss)	554	386	(255)	(3,471)
Foreign Currency Contracts - related to supplier purchase contracts:				
Unrealized gain (loss)	356	(110)	(249)	(1,053)
Realized (loss) gain	(329)	(160)	108	1,501
Unrealized gain (loss) on net investment hedges	2,788	(4,204)	4,773	7,263
Contracts Not Designated in a Hedge Relationship:				
Foreign Currency Contracts - related to customer sales contracts:				
Unrealized gain (loss)	133	(1,733)	(36)	(489)
Realized (loss) gain	(763)	440	(1,714)	(1,972)
Foreign Currency Contracts - related to supplier purchases contracts:				
Unrealized (loss) gain	(1,762)	1,777	(2,457)	867
Realized gain (loss)	424	(1,028)	1,774	506

Liability for Contingent Payments

The Company's liability for contingent payments represents the fair value of estimated additional cash payments related to its acquisitions of COT-Puritech, Inc. ("COT-Puritech") in December 2011 and Clarus Fluid Intelligence, LLC in July 2013, which are subject to the achievement of certain performance goals. The fair value of the liability for contingent payments represents the present value of probability weighted expected cash flows based upon the Company's internal model and projections. During the six months ended June 27, 2014, the Company made the final cash payment, totaling \$3.5 million, to settle the COT-Puritech contingent payment liability.

A summary of activity in the Company's liability for contingent payments during the six months ended June 27, 2014 is as follows:

	(In thousands)
Balance at January 1, 2014	\$ 6,176
Interest accretion	181
Cash payment	(3,500)
Balance at June 27, 2014	<u>\$ 2,857</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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13. 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 2013 Form 10-K.

Asbestos and Other Product Liability Contingencies

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

	Six Months Ended	
	June 27, 2014	June 28, 2013
	(Number of claims)	
Claims unresolved, beginning of period	22,393	23,523
Claims filed ⁽²⁾	2,339	2,298
Claims resolved ⁽³⁾	(2,210)	(3,188)
Claims unresolved, end of period	22,522	22,633

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

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

⁽³⁾ 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:

	June 27, 2014		December 31, 2013	
	(In thousands)			
Current asbestos insurance asset ⁽¹⁾	\$	33,690	\$	32,872
Current asbestos insurance receivable ⁽¹⁾		44,643		41,943
Long-term asbestos insurance asset ⁽²⁾		284,591		299,057
Long-term asbestos insurance receivable ⁽²⁾		36,264		21,411
Accrued asbestos liability ⁽³⁾		54,335		51,142
Long-term asbestos liability ⁽⁴⁾		343,076		358,288

⁽¹⁾ Included in Other current assets in the Condensed Consolidated Balance Sheets.

⁽²⁾ Included in Other assets in the Condensed Consolidated Balance Sheets.

⁽³⁾ 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.

⁽⁴⁾ 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

In March 2014, two alleged stockholders of the Company filed derivative complaints against our directors, the BDT Investor and BDT Capital Partners, LLC in the Court of Chancery of the State of Delaware alleging that the individual defendants engaged in waste and breached their fiduciary duties in connection with the cash payment and conversion pursuant to the Conversion Agreement. The complaints also allege claims against the BDT Investor and BDT Capital Partners, LLC for unjust enrichment and aiding and abetting the individual defendants' alleged breaches of fiduciary duty. The complaints, which have been consolidated, seek compensatory damages plus interest, and an award of attorneys' fees and expenses to the plaintiffs. After defendants answered

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the consolidated complaint, denying all material allegations of wrongdoing, the plaintiffs amended it to dismiss certain of their claims relating to breach of fiduciary duties. Defendants have moved to dismiss the new consolidated complaint. The litigation is in an early stage and is not currently expected to have a material adverse effect on the financial condition, results of operations or cash flow of the Company and the defendants intend to continue to vigorously defend 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.

14. 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 & Fluid Handling** - a global supplier of a broad range of gas- and fluid-handling products, including pumps, fluid-handling systems and controls, specialty valves, heavy-duty centrifugal and axial fans, rotary heat exchangers and gas compressors, 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The Company's segment results were as follows:

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(In thousands)				
Net sales:				
Gas and fluid handling	\$ 568,940	\$ 516,763	\$ 1,142,889	\$ 941,868
Fabrication technology	630,396	557,355	1,110,778	1,079,393
	\$ 1,199,336	\$ 1,074,118	\$ 2,253,667	\$ 2,021,261
Segment operating income (loss)⁽¹⁾:				
Gas and fluid handling	\$ 45,690	\$ 69,440	\$ 101,688	\$ 111,928
Fabrication technology	77,088	59,427	130,951	103,895
Corporate and other	(13,636)	(12,738)	(29,447)	(23,153)
	\$ 109,142	\$ 116,129	\$ 203,192	\$ 192,670

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

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(In thousands)				
Income before income taxes	\$ 82,044	\$ 93,598	\$ 157,460	\$ 142,636
Interest expense	13,624	18,054	25,946	41,343
Restructuring and other related charges	13,474	4,477	19,786	8,691
Segment operating income	\$ 109,142	\$ 116,129	\$ 203,192	\$ 192,670

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

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(In thousands)				
Gas handling	\$ 401,011	\$ 352,084	\$ 825,178	\$ 627,531
Fluid handling	167,929	164,679	317,711	314,337
Welding and cutting	630,396	557,355	1,110,778	1,079,393
Total Net sales	\$ 1,199,336	\$ 1,074,118	\$ 2,253,667	\$ 2,021,261

The detail of the Company's Total assets by segment is as follows:

	June 27, 2014	December 31, 2013
	(In thousands)	
Total Assets:		
Gas and fluid handling	\$ 3,979,138	\$ 4,014,002
Fabrication technology	3,916,170	2,526,245
Corporate and other	32,525	48,802
	\$ 7,927,833	\$ 6,589,049

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 June 27, 2014 (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, 2013 (the “2013 Form 10-K”) filed with the Securities and Exchange Commission (the “SEC”) on February 12, 2014.

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;
- 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 United States (“U.S.”) sanctions and embargoes on certain foreign countries;
- 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 by and among the Company, Colfax UK Holdings Ltd, the other subsidiaries of the Company party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, as amended (the “Deutsche Bank 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 2013 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 2013 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 & Fluid Handling** - a global supplier of a broad range of gas- and fluid-handling products, including pumps, fluid-handling systems and controls, specialty valves, heavy-duty centrifugal and axial fans, rotary heat exchangers and gas compressors, 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 June 27, 2014 to the comparable 2013 period is affected by the following additional significant items:

Strategic Acquisitions

We complement our organic growth 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 July 9, 2013, Colfax completed the acquisition of the common stock of Clarus Fluid Intelligence LLC (“Clarus”), for \$13.2 million, which includes the fair value of an estimated additional contingent cash payment of \$2.5 million at the acquisition date. The additional contingent payment will be paid during the year ending December 31, 2016 subject to the achievement of certain performance goals. Clarus is a domestic supplier of flushing services for marine applications primarily to U.S. government agencies, with primary operations based in Bellingham, Washington.

On September 30, 2013, the Company completed the acquisitions of TLT-Babcock Inc. (“TLT-Babcock”) and Alphair Ventilating Systems Inc. (“Alphair”), for an aggregate purchase price of \$55.7 million. TLT-Babcock and Alphair are suppliers of heavy duty and industrial fans in Akron, Ohio and Winnipeg, Manitoba, respectively.

On November 1, 2013, the Company completed the acquisition of ČKD Kompresory a.s. (“ČKDK”), for \$69.4 million, including the assumption of debt. ČKDK is a supplier of multi-stage centrifugal compressors to the oil & gas, petrochemical, power and steel industries, based in Prague, Czech Republic.

On November 25, 2013, the Company increased its ownership of Sistemas Centrales de Lubrication S.A. de C.V. (“Sicelub”), previously a less than wholly owned subsidiary in which the Company did not have a controlling interest, from 44% to 100%. Sicelub provides flushing services primarily in Central and South America serving the the oil, gas and petrochemical end market.

On November 29, 2013, the Company completed the acquisition of the global infrastructure and industry division of Fläkt Woods Group (“GII”), for \$246.0 million, including the assumption of debt, subject to certain adjustments. GII has operations around the world and will expand the Company’s product offerings in the heavy duty industrial and cooling fan market.

Fabrication Technology

On April 14, 2014, Colfax completed the acquisition of Victor Technologies Holdings, Inc. (“Victor”) for net cash consideration of \$951.2 million, including the assumption of debt, subject to certain adjustments (the “Victor Acquisition”). Victor is a pre-eminent global manufacturer of cutting, gas control and specialty welding solutions. The acquisition will complement the geographic footprint of our fabrication technology segment, as well as expand our product portfolio into new segments and

applications. For the year ended December 31, 2013, Victor had net sales and operating income of \$486.8 million and \$64.0 million, respectively.

Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 74% and 77% for the three and six months ended June 27, 2014, 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.

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 holiday season. General economic conditions may, however, impact future seasonal variations.

Sales, Orders and Backlog

Our consolidated Net sales increased from Net sales of \$1,074.1 million in the second quarter of 2013 to \$1,199.3 million in the second quarter of 2014. Our Net sales increased from Net sales of \$2,021.3 million in the six months ended June 28, 2013 to \$2,253.7 million in the six months ended June 27, 2014. The following tables present components of our consolidated Net sales and, for our gas- and fluid-handling segment, order and backlog growth:

	Net Sales		Orders ⁽¹⁾	
	\$	%	\$	%
(In millions)				
For the three months ended June 28, 2013	\$ 1,074.1		\$ 478.2	
<i>Components of Change:</i>				
Existing businesses ⁽²⁾	(53.5)	(5.0)%	22.2	4.6%
Acquisitions ⁽³⁾	192.3	17.9 %	89.5	18.7%
Foreign currency translation ⁽⁴⁾	(13.6)	(1.2)%	3.9	0.9%
	125.2	11.7 %	115.6	24.2%
For the three months ended June 27, 2014	\$ 1,199.3		\$ 593.8	

	Net Sales		Orders ⁽¹⁾		Backlog at Period End	
	\$	%	\$	%	\$	%
(In millions)						
As of and for the six months ended June 28, 2013	\$ 2,021.3		\$ 980.3		\$ 1,388.4	
<i>Components of Change:</i>						
Existing businesses ⁽²⁾	—	— %	33.3	3.4%	(39.9)	(2.9)%
Acquisitions ⁽³⁾	277.4	13.7 %	161.6	16.5%	232.9	16.8 %
Foreign currency translation ⁽⁴⁾	(45.0)	(2.2)%	2.0	0.2%	3.4	0.2 %
	232.4	11.5 %	196.9	20.1%	196.4	14.1 %
As of and for the six months ended June 27, 2014	\$ 2,253.7		\$ 1,177.2		\$ 1,584.8	

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

⁽²⁾ 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.

⁽³⁾ Represents the incremental sales, orders and order backlog as a result of our acquisitions of Clarus, TLT-Babcock and Alphair, ČKDK, Sicelub and GII and incremental sales as a result of the Victor Acquisition.

⁽⁴⁾ 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 2014 compared to the second quarter of 2013 was attributable to a decrease of \$36.2 million in our gas- and fluid-handling segment and a decrease of \$17.3 million in our fabrication technology segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment increased during the second quarter of 2014 in comparison to the second quarter of 2013 due to growth in the marine, mining and general industrial and other end markets, partially offset by declines in the oil, gas and petrochemical and power generation end markets. The decline in orders from existing businesses in the power generation end market during the second quarter of 2014 in comparison to the second quarter of 2013 was primarily driven by a reduction in orders in China for environmental remediation products.

Net sales from existing businesses during the six months ended June 27, 2014 remained consistent with the six months ended June 28, 2013 due to an increase of \$30.2 million in our gas- and fluid-handling segment being offset by a decrease of \$30.2 million in our fabrication technology segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment increased during the six months ended June 27, 2014 in comparison to the six months ended June 28, 2013 due to growth in all end markets except oil, gas and petrochemical.

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	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
	(In millions)			
Gas and Fluid Handling	\$ 568.9	\$ 516.8	\$ 1,142.9	\$ 941.9
Fabrication Technology	630.4	557.3	1,110.8	1,079.4
Total Net sales	\$ 1,199.3	\$ 1,074.1	\$ 2,253.7	\$ 2,021.3

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	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
	(Dollars in millions)			
Net sales	\$ 568.9	\$ 516.8	\$ 1,142.9	\$ 941.9
Gross profit	172.7	159.0	335.2	286.0
Gross profit margin	30.4%	30.8%	29.3%	30.4%
Restructuring and other related charges	\$ 6.6	\$ 0.2	\$ 9.5	\$ 1.5
Selling, general and administrative expense	127.1	89.5	233.6	174.0
Selling, general and administrative expense as a percentage of Net sales	22.3%	17.3%	20.4%	18.5%
Segment operating income	\$ 45.7	\$ 69.4	\$ 101.7	\$ 111.9
Segment operating income margin	8.0%	13.4%	8.9%	11.9%

The \$36.2 million Net sales decrease due to existing businesses during the second quarter of 2014 in comparison to the second quarter of 2013, as discussed and defined under "Sales, Orders and Backlog" above, was primarily due to declines in the power generation and oil, gas and petrochemical end markets. Additionally, Net sales increased by \$84.2 million and \$4.1 million due to acquisition-related growth and changes in foreign exchange rates, respectively. Gross profit increased in the second quarter of 2014 reflecting the impact of acquisitions, which have a lower average gross profit margin and resulted in a reduction of total

gross profit margin in the segment for the quarter. Additionally, improvements to gross profit margin in our gas-handling business were offset by issues in our fluid-handling business. The issues in our fluid-handling business during the second quarter of 2014 included losses incurred in our services business, which historically has achieved relatively high margins, as increased costs did not provide the planned revenue increase. Also, our fluid-handling business was negatively impacted by a decline in sales and gross margins in our fluid-handling systems assembly operations and several specific pump projects that were shipped during the second quarter of 2014 at negative margins. Restructuring and other related charges increased compared to the second quarter of 2013 primarily due to an increase in restructuring actions to reduce the structural costs associated with the acquisitions during the fourth quarter of 2013. Selling, general and administrative expense for the second quarter of 2014 increased compared to the second quarter of 2013 as a result of an increase of \$21.7 million due to acquisitions, a \$12.1 million impairment loss related to identifiable intangible assets, a \$4.0 million loss on disposition of a small fluid-handling business line and a \$1.3 million loss from the use of the SICAD II exchange rate at our Venezuelan fluid-handling business.

The \$30.2 million Net sales increase due to existing businesses during the six months ended June 27, 2014 in comparison to the six months ended June 28, 2013, as discussed and defined under "Sales, Orders and Backlog" above, was primarily due to growth in gas-handling products and in all end markets except mining and oil, gas and petrochemical. Additionally, Net sales increased by \$169.3 million and \$1.5 million due to acquisition-related growth and changes in foreign exchange rates, respectively. Gross profit increased in the six months ended June 27, 2014 reflecting the impact of acquisitions, which have a lower average gross profit margin and resulted in a reduction of total gross profit margin in the segment for the period. Additionally, improvements to gross profit margin in our gas-handling business were offset by issues in our fluid-handling business. The issues in our fluid-handling business during the six months ended June 27, 2014 included losses incurred in our services business, which historically has achieved relatively high margins, as increased costs did not provide the planned revenue increase. Also, our fluid-handling business was negatively impacted by a decline in sales and gross margins in our fluid-handling systems assembly operations and several specific pump projects that were shipped during the six months ended June 27, 2014 at negative margins. Restructuring and other related charges increased compared to the six months ended June 28, 2013 primarily due to an increase in restructuring actions to reduce the structural costs associated with the acquisitions during the fourth quarter of 2013. Selling, general and administrative expense for the six months ended June 27, 2014 increased compared to the six months ended June 28, 2013 as a result of an increase of \$39.5 million due to acquisitions, a \$12.1 million impairment loss related to identifiable intangible assets, a \$4.0 million loss on disposition of a small fluid-handling business line and a \$1.3 million loss from the use of the SICAD II exchange rate at our Venezuelan fluid-handling business.

Fabrication Technology

We formulate, develop, manufacture and supply equipment and consumable products 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. Our fabrication technology equipment ranges from portable units to large custom-engineered systems. Our comprehensive range of cutting and welding consumables includes filler metals and related products, such as covered electrodes, cored and solid wires and fluxes, as well as various other products used in welding and cutting processes, such as gas equipment, torches, and contact tips. Products are sold into a wide range of end markets, including 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	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
	(Dollars in millions)			
Net sales	\$ 630.4	\$ 557.3	\$ 1,110.8	\$ 1,079.4
Gross profit	215.5	178.8	378.6	342.5
Gross profit margin	34.2%	32.1%	34.1%	31.7%
Restructuring and other related charges	\$ 6.8	\$ 4.3	\$ 10.2	\$ 7.2
Selling, general and administrative expense	138.3	119.5	247.6	238.7
Selling, general and administrative expense as a percentage of Net sales	21.9%	21.4%	22.3%	22.1%
Segment operating income	\$ 77.1	\$ 59.4	\$ 131.0	\$ 103.9
Segment operating income margin	12.2%	10.7%	11.8%	9.6%

The \$73.1 million Net sales increase during the second quarter of 2014 compared to the second quarter of 2013 was primarily the result of acquisition-related growth of \$108.1 million. In addition, changes in foreign exchange rates had a negative impact

of \$17.7 million. The \$17.3 million Net sales decline due to existing businesses during the second quarter of 2014, as discussed and defined under “Sales, Orders and Backlog” above, was primarily the result of a decrease in consumable volumes in South America. In the second quarter of 2014, Gross profit and gross profit margin increased reflecting the positive impact of higher volumes and cost control activities. Additionally, Gross profit and gross profit margin during the second quarter of 2014 were positively impacted by the higher gross margin sales of Victor, which were partially offset by acquisition-related inventory step up expense. The increase in Selling, general and administrative expense during the second quarter of 2014 compared to the second quarter of 2013 was primarily due to an acquisition-related increase of \$27.1 million and a \$5.0 million loss from the use of the SICAD II exchange rate at our Venezuelan fabrication technology business, partially offset by significant cost control activities.

The \$31.4 million Net sales increase during the six months ended June 27, 2014 compared to the six months ended June 28, 2013 was primarily the result of acquisition-related growth of \$108.1 million, partially offset by changes in foreign exchange rates which had a negative impact of \$46.5 million. The \$30.2 million Net sales decline due to existing businesses during the six months ended June 27, 2014 in comparison to the six months ended June 28, 2013, as discussed and defined under “Sales, Orders and Backlog” above, was primarily the result of decreases in consumable volumes in most geographies. In the six months ended June 27, 2014, Gross profit and gross profit margin increased reflecting the positive impact of higher volumes and cost control activities. Additionally, Gross profit and gross profit margin during the six months ended June 27, 2014 were positively impacted by the higher gross margin sales of Victor, which were partially offset by acquisition-related inventory step up expense. The increase in Selling, general and administrative expense during the six months ended June 27, 2014 compared to the six months ended June 28, 2013 was primarily due to an acquisition-related increase of \$27.1 million and a \$5.0 million loss from the use of the SICAD II exchange rate at our Venezuelan fabrication technology business, partially offset by significant cost control activities.

Gross Profit - Total Company

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(Dollars in millions)				
Gross profit	\$ 388.2	\$ 337.8	\$ 713.8	\$ 628.5
Gross profit margin	32.4%	31.5%	31.7%	31.1%

The \$50.4 million increase in Gross profit during the second quarter of 2014 in comparison to the second quarter of 2013 was attributable to increases of \$36.7 million and \$13.7 million in our fabrication technology segment and gas- and fluid-handling segment, respectively. The \$85.3 million increase in Gross profit during the six months ended June 27, 2014 in comparison to the six months ended June 28, 2013 was attributable to increases of \$49.2 million and \$36.1 million in our gas- and fluid-handling segment and our fabrication technology segment, respectively. The increase in gross profit margin in our fabrication technology segment during second quarter and six months ended June 27, 2014 in comparison to the comparable prior year period reflects the positive impact of higher volumes and cost control activities. Additionally, our fabrication technology segment was also positively impacted during the second quarter of 2014 by the higher gross margin sales of Victor, which were partially offset by acquisition-related inventory step up expense. The increase in Gross profit in our gas- and fluid-handling segment during the second quarter and six months ended June 27, 2014 in comparison to the comparable prior year period reflects the impact of acquisitions, which have a lower average gross profit margin resulting in a reduction of total gross profit margin in the segment for the quarter. Additionally, improvements to gross profit margin in our gas-handling business were offset by issues in our fluid-handling business. Changes in foreign exchange rates during the second quarter of 2014 had a \$3.4 million negative impact on Gross profit in comparison to the second quarter of 2013. Changes in foreign exchange rates during the six months ended June 27, 2014 had an \$11.8 million negative impact on Gross profit in comparison to the six months ended June 28, 2013.

Operating Expenses - Total Company

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
(Dollars in millions)				
Selling, general and administrative expense	\$ 279.0	\$ 221.7	\$ 510.6	\$ 435.9
Selling, general and administrative expense as a percentage of Net sales	23.3%	20.6%	22.7%	21.6%
Restructuring and other related charges	\$ 13.5	\$ 4.5	\$ 19.8	\$ 8.7

Selling, general and administrative expense increased \$57.3 million and \$74.7 million during the second quarter and six months ended June 27, 2014, respectively, in comparison to the comparable 2013 periods primarily due to increases of \$48.8 million and \$66.6 million attributable to the addition of the operations associated with the Victor Acquisition and the gas- and

fluid-handling acquisitions during 2013 for the second quarter and six months ended June 27, 2014, respectively. Additionally, Selling, general and administrative expense for both the second quarter and six months ended June 27, 2014 were impacted by a \$12.1 million impairment loss related to identifiable intangible assets, a \$4.0 million loss on disposition of a small fluid-handling business line and a \$6.3 million loss from the use of the SICAD II exchange rate at our Venezuelan businesses, partially offset by significant cost saving programs in our fabrication technology segment.

Interest Expense - Total Company

	Three Months Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
	(In millions)			
Interest expense	\$ 13.6	\$ 18.1	\$ 25.9	\$ 41.3

The decrease in Interest expense during the second quarter of 2014 in comparison to the second quarter of 2013 period was primarily attributable to the favorable impact of lower borrowing rates associated with the amendments to the Deutsche Bank Credit Agreement during 2013, which reduced Interest expense by approximately \$3.7 million. The impact on Interest expense of the increase in outstanding borrowing levels was offset by the decrease in amortization expense due to the write-off of \$29.4 million of certain deferred fees and original issue discount associated with the amendments to the Deutsche Bank Credit Agreement during 2013.

The decrease in Interest expense during the six months ended June 27, 2014 in comparison to the comparable 2013 period was primarily attributable to the favorable impact of lower borrowing rates associated with the amendments to the Deutsche Bank Credit Agreement during 2013, which reduced Interest expense by approximately \$6.4 million, and lower weighted-average outstanding borrowing levels, which reduced Interest expense by approximately \$3.9 million (including the impact of lower amortization expense due to the write-off of \$29.4 million of certain deferred fees and original issue discount associated with the amendments to the Deutsche Bank Credit Agreement during 2013). In addition, Interest expense during the six months ended June 28, 2013 included \$3.1 million of charges related to the Second Amendment to the Deutsche Bank Credit Agreement on February 22, 2013.

(Benefit from) Provision for Income Taxes - Total Company

Income before income taxes was \$82.0 million and \$157.5 million and the Benefit from income taxes was \$116.3 million and \$95.7 million for the second quarter and six months ended June 27, 2014, respectively. The Benefit from income taxes for both periods was impacted by the reassessment of the realizability of certain deferred tax assets as a result of the effect of the Victor Acquisition on expected future income. This reassessment resulted in a decrease in the Company's valuation allowance against U.S. deferred tax assets. The reduction in the valuation allowance created a non-cash income tax benefit for the second quarter and six months ended June 27, 2014 of \$113.1 million. Additionally, a tax benefit of \$19.4 million was included in Benefit from income taxes in the Condensed Consolidated Statements of Operations for the three and six months ended June 27, 2014 associated with the resolution of a liability for unrecognized tax benefits. These items are the principal reasons for a tax benefit rather than a tax provision, which would result from the application of the U.S. federal statutory rate to the reported Income before income taxes for the second quarter and six months ended June 27, 2014.

The effective tax rate for the second quarter of 2013 was lower than the U.S. federal statutory tax rate primarily due to foreign earnings where international tax rates were lower than the U.S. tax rate and due to the resolution of a liability for unrecognized tax benefits which resulted in a gain of \$2.3 million, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2013.

The effective tax rate for the six months ended June 28, 2013 was lower than the U.S. federal statutory tax rate primarily due to foreign earnings where international tax rates were lower than the U.S. tax rate and due to the resolution of a liability for unrecognized tax benefits which resulted in a gain of \$2.3 million, offset in part by losses in certain jurisdictions where a tax benefit was not expected to be recognized in 2013.

Liquidity and Capital Resources

Overview

Historically, 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 additional funds are needed for strategic acquisitions or other corporate purposes, we believe we could raise additional funds in the form of debt or equity.

Equity Capital

On January 15, 2014, we contributed 183,000 shares of newly issued Colfax Common stock to our U.S. defined benefit pension plan.

We entered into a Conversion Agreement with BDT CF Acquisition Vehicle, LLC (the "BDT Investor"), pursuant to which the BDT Investor exercised its option to convert its 13,877,552 shares of Series A Perpetual Convertible Preferred Stock into 12,173,291 shares of our Common stock plus cash in lieu of a .22807018 share interest, which conversion occurred on February 12, 2014. As consideration for the BDT Investor's agreement to exercise its optional conversion right, we paid approximately \$23.4 million to the BDT Investor, of which \$19.6 million represents the Preferred stock conversion inducement payment in the Condensed Consolidated Statement of Operations for the six months ended June 27, 2014.

On February 20, 2014, we sold 9,200,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$632.5 million. In conjunction with this issuance, we recognized \$22.1 million in equity issuance costs, which were recorded as a reduction to Additional paid-in capital during the six months ended June 27, 2014.

Borrowing Arrangements

On May 14, 2014, we entered into an Incremental Amendment to the Term A-1 facility under the Deutsche Bank Credit Agreement, as amended. Pursuant to the Incremental Amendment, the borrowing capacity of the Term A-1 facility was increased by \$150.0 million to an aggregate of \$558.7 million, upon the same terms as the existing Term A-1 facility.

As of June 27, 2014, the weighted-average interest rate of borrowings under the Deutsche Bank Credit Agreement, as amended, was 1.69%, excluding accretion of original issue discount, and there was \$319.9 million available on the revolving credit subfacilities, including \$199.9 million available on a letter of credit subfacility.

The Company is also party to additional letter of credit facilities with total capacity of \$699.7 million. Total letters of credit of \$466.9 million were outstanding as of June 27, 2014.

In connection with the Deutsche Bank Credit Agreement, the Company has pledged substantially all of its domestic subsidiaries' assets and 65% of the shares of certain first tier international subsidiaries as collateral against borrowings to its U.S. companies. In addition, subsidiaries in certain foreign jurisdictions have guaranteed the Company's obligations on borrowings of one of its European subsidiaries, as well as pledged substantially all of their assets for such borrowings to this European subsidiary under the Deutsche Bank Credit Agreement. The Deutsche Bank Credit Agreement contains customary covenants limiting the Company's ability to, among other things, pay dividends, incur debt or liens, redeem or repurchase equity, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Deutsche Bank Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio, as defined therein, of not more than 4.75 to 1.0 and a minimum interest coverage ratio, as defined therein, of 2.50 to 1.0, measured at the end of each quarter, through the year ending December 31, 2014. The minimum interest coverage ratio increases by 25 basis points each year until it reaches 3.0 to 1.0 for the year ending December 31, 2016 and each year thereafter. The maximum total leverage ratio decreases by 25 basis points each year until it reaches 4.25 to 1.0 for the year ending December 31, 2016 and each year thereafter. The Deutsche Bank Credit Agreement contains various events of default, including failure to comply with the financial covenants referenced above, 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 loans and the revolving credit subfacilities and foreclose on the collateral. The Company is in compliance with all such covenants as of June 27, 2014. We believe that our sources of liquidity, including the Deutsche Bank Credit Agreement, are adequate to fund our operations for the next twelve months.

Cash Flows

As of June 27, 2014, we had \$334.0 million of Cash and cash equivalents, an increase of \$22.7 million from \$311.3 million as of December 31, 2013. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

	Six Months Ended	
	June 27, 2014	June 28, 2013
	(In millions)	
Net cash provided by operating activities	\$ 39.5	\$ 85.7
Purchases of fixed assets, net	(42.2)	(35.6)
Acquisition, net of cash acquired	(951.2)	—
Net cash used in investing activities	(993.4)	(35.6)
Proceeds from (repayments of) borrowings, net	387.0	(231.4)
Proceeds from issuance of common stock, net	612.7	322.8
Preferred stock conversion inducement payment	(19.6)	—
Other	(13.6)	(21.4)
Net cash provided by financing activities	966.5	70.0
Effect of foreign exchange rates on Cash and cash equivalents	10.1	(14.6)
Increase in Cash and cash equivalents	\$ 22.7	\$ 105.5

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 \$22.0 million and \$26.8 million during the six months ended June 27, 2014 and six months ended June 28, 2013, 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 June 27, 2014 and six months ended June 28, 2013, cash contributions for defined benefit plans were \$38.0 million and \$26.5 million, respectively.
- During the six months ended June 27, 2014 and six months ended June 28, 2013, cash payments of \$19.2 million and \$20.8 million, respectively, were made related to 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 June 27, 2014, net working capital increased by \$134.4 million, primarily due to a decrease in payables as well as increases in inventory and receivable levels, which reduced our cash flows from operating activities. While increased working capital in the first half of the year is in line with seasonal trends, the 2014 increase was much higher than normal. The principal contributors to this higher than normal increase were the reduction in payables from high levels at year-end and significant costs in excess of billings on long-term contracts as of June 27, 2014. During the six months ended June 28, 2013, net working capital increased, primarily due to an increase in receivables partially offset by an increase in payables and a decrease in inventory levels, which reduced our cash flows from operating activities.

Cash flows from investing activities during the six months ended June 27, 2014 were impacted by the net cash outflows of \$951.2 million associated with the Victor Acquisition.

Cash flows from financing activities for the six months ended June 27, 2014 were impacted by the Victor Acquisition. The Victor Acquisition was funded through net proceeds of \$610.4 million from the sale of newly issued Common stock and \$340.8 million of borrowings under our Deutsche Bank Credit Agreement. Cash flows from financing activities during the six months ended June 27, 2014 were also impacted by the conversion of the Series A Perpetual Convertible Preferred Stock further discussed above under “—Equity Capital.”

Cash flows from financing activities during the six months ended June 28, 2013 were impacted by the Second Amendment to the Deutsche Bank Credit Agreement and the May 2013 sale of newly issued Common stock, which generated \$319.9 million of cash inflows from financing activities.

Our Cash and cash equivalents as of June 27, 2014 includes \$306.7 million held in jurisdictions outside the U.S., which may be subject to U.S. income tax 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 2013 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.

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 Deutsche Bank Credit Agreement, substantially all of our borrowings as of June 27, 2014 are variable-rate facilities based on LIBOR or EURIBOR. In order to mitigate our interest rate risk, we periodically 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 June 27, 2014 would have increased Interest expense by approximately \$4.3 million and \$7.6 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 June 27, 2014, approximately 74% and 77% 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 Deutsche Bank 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 income (loss) component of Equity. A 10% depreciation in major currencies, relative to the U.S. dollar as of June 27, 2014 (net of the translation effect of our Euro denominated borrowings) would result in a reduction in Equity of approximately \$160 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 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 June 27, 2014, our open commodity futures contracts were not material.

See Note 12, "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 June 27, 2014. 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 13, "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 2013 Form 10-K.

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

None.

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***	Amendment No. 1 to Executive Employment Agreement, dated April 28, 2014, between Steven E. Simms and Colfax Corporation.
10.02****	Incremental Amendment, dated May 14, 2014, by and among Colfax Corporation, the other subsidiaries of Colfax Corporation party thereto, 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 3.2 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on May 13, 2008.
***	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on April 28, 2014.
****	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on May 14, 2014.

SIGNATURES

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

Registrant: Colfax Corporation

By:

/s/ STEVEN E. SIMMS President and Chief Executive Officer
Steven E. Simms (Principal Executive Officer) July 25, 2014

/s/ C. SCOTT BRANNAN Senior Vice President, Finance,
C. Scott Brannan Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer) July 25, 2014

CERTIFICATIONS

I, Steven E. Simms, 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 25, 2014

/s/ Steven E. Simms

Steven E. Simms
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 25, 2014

/s/ C. Scott Brannan

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, Steven E. Simms, 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 June 27, 2014 (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 25, 2014

/s/ Steven E. Simms

**Steven E. Simms
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 June 27, 2014 (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 25, 2014

/s/ C. Scott Brannan

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