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

# FORM 10-Q

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

**For the Quarterly Period Ended June 28, 2013**

**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** | **54-1887631** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| **8170 Maple Lawn Boulevard, Suite 180 Fulton, Maryland** | **20759** |
| (Address of principal executive offices) | (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 28, 2013, there were 101,785,010 shares of the registrant's common stock, par value $.001 per share, outstanding.

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### 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 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| Net sales | $ 1,074,118 | $ 1,045,653 | $ 2,021,261 | $ 1,932,019 |
| Cost of sales | 736,296 | 730,791 | 1,392,714 | 1,375,451 |
| Gross profit | 337,822 | 314,862 | 628,547 | 556,568 |
| Selling, general and administrative expense | 221,225 | 231,992 | 433,703 | 444,048 |
| Charter acquisition-related expense | — | 766 | — | 43,617 |
| Restructuring and other related charges | 4,477 | 18,558 | 8,691 | 27,201 |
| Asbestos coverage litigation expense | 468 | 3,240 | 2,174 | 5,527 |
| Operating income | 111,652 | 60,306 | 183,979 | 36,175 |
| Interest expense | 18,054 | 25,741 | 41,343 | 44,723 |
| Income (loss) before income taxes | 93,598 | 34,565 | 142,636 | (8,548) |
| Provision for income taxes | 26,398 | 15,933 | 43,161 | 73,281 |
| Net income (loss) | 67,200 | 18,632 | 99,475 | (81,829) |
| Less: income attributable to noncontrolling interest, net of taxes | 8,808 | 6,266 | 13,448 | 11,403 |
| Net income (loss) attributable to Colfax Corporation | 58,392 | 12,366 | 86,027 | (93,232) |
| Dividends on preferred stock | 5,086 | 5,073 | 10,168 | 8,807 |
| Net income (loss) available to Colfax Corporation common shareholders | $ 53,306 | $ 7,293 | $ 75,859 | $ (102,039) |
| Net income (loss) per share- basic | $ 0.53 | $ 0.07 | $ 0.75 | $ (1.16) |
| Net income (loss) per share- diluted | $ 0.52 | $ 0.07 | $ 0.74 | $ (1.16) |

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 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| Net income (loss) attributable to Colfax Corporation | $ 58,392 | $ 12,366 | $ 86,027 | $ (93,232) |
| Other comprehensive (loss) income: | | | | |
| Foreign currency translation, net of tax of $(475), $136, $(624) and $60 | (41,833) | (111,680) | (173,953) | 22,330 |
| Unrealized (loss) gain on hedging activities, net of tax of $0, $(463), $(643) and $(192) | (4,339) | 6,028 | 3,425 | (1,959) |
| Amounts reclassified to net income (loss): | | | | |
| Realized gain on hedging activities, net of tax of $0, $0, $0 and $0 | — | — | — | 471 |
| Net pension and other postretirement benefit cost, net of tax of $213, $(35), $354 and $109 | 2,563 | 2,133 | 5,157 | 4,158 |
| Other comprehensive (loss) income | (43,609) | (103,519) | (165,371) | 25,000 |
| Less: other comprehensive loss attributable to noncontrolling interest net of tax of $0, $0, $0 and $0 | (8,586) | (12,271) | (12,498) | (1,330) |
| Other comprehensive (loss) income attributable to Colfax Corporation | (35,023) | (91,248) | (152,873) | 26,330 |
| Comprehensive income (loss) attributable to Colfax Corporation | $ 23,369 | $ (78,882) | $ (66,846) | $ (66,902) |

See Notes to Condensed Consolidated Financial Statements.

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

| | June 28, 2013 | December 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 587,937 | $ 482,449 |
| Trade receivables, less allowance for doubtful accounts of $18,649 and $16,464 | 933,706 | 873,382 |
| Inventories, net | 467,272 | 493,649 |
| Other current assets | 298,026 | 282,266 |
| Total current assets | 2,286,941 | 2,131,746 |
| Property, plant and equipment, net | 661,329 | 688,570 |
| Goodwill | 1,975,824 | 2,098,836 |
| Intangible assets, net | 720,734 | 779,049 |
| Other assets | 449,572 | 450,086 |
| Total assets | $ 6,094,400 | $ 6,148,287 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | $ 95,029 | $ 34,799 |
| Accounts payable | 714,406 | 699,626 |
| Accrued liabilities | 439,541 | 447,220 |
| Total current liabilities | 1,248,976 | 1,181,645 |
| Long-term debt, less current portion | 1,410,913 | 1,693,512 |
| Other liabilities | 1,030,445 | 1,116,844 |
| Total liabilities | 3,690,334 | 3,992,001 |
| Equity: | | |
| Preferred stock, $0.001 par value; 20,000,000 shares authorized; 13,877,552 issued and outstanding | 14 | 14 |
| Common stock, $0.001 par value; 400,000,000 shares authorized; 101,785,010 and 94,067,418 issued and outstanding | 102 | 94 |
| Additional paid-in capital | 2,526,645 | 2,197,694 |
| Accumulated deficit | (62,997) | (138,856) |
| Accumulated other comprehensive loss | (299,467) | (146,594) |
| Total Colfax Corporation equity | 2,164,297 | 1,912,352 |
| Noncontrolling interest | 239,769 | 243,934 |
| Total equity | 2,404,066 | 2,156,286 |
| Total liabilities and equity | $ 6,094,400 | $ 6,148,287 |

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 | Accumulated | Accumulated Other | Noncontrolling | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | $ Amount | Shares | $ Amount | Paid-In Capital | Deficit | Comprehensive Loss | Interest | Total |
| Balance at January 1, 2013 | 94,067,418 | $ 94 | 13,877,552 | $ 14 | $ 2,197,694 | $ (138,856) | $ (146,594) | $ 243,934 | $ 2,156,286 |
| Net income | — | — | — | — | — | 86,027 | — | 13,448 | 99,475 |
| Distributions to noncontrolling owners | — | — | — | — | — | — | — | (5,115) | (5,115) |
| Preferred stock dividend | — | — | — | — | — | (10,168) | — | — | (10,168) |
| Other comprehensive loss | — | — | — | — | — | — | (152,873) | (12,498) | (165,371) |
| Common stock issuances, net of costs of $12.0 million | 7,500,000 | 8 | — | — | 319,890 | — | — | — | 319,898 |
| Common stock-based award activity | 217,592 | — | — | — | 9,061 | — | — | — | 9,061 |
| Balance at June 28, 2013 | 101,785,010 | $ 102 | 13,877,552 | $ 14 | $ 2,526,645 | $ (62,997) | $ (299,467) | $ 239,769 | $ 2,404,066 |

See Notes to Condensed Consolidated Financial Statements.

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

| | Six Months Ended | |
|---|---|---|
| | **June 28, 2013** | **June 29, 2012** |
| **Cash flows from operating activities:** | | |
| Net income (loss) | $ 99,475 | $ (81,829) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation, amortization and fixed asset impairment charges | 65,766 | 105,027 |
| Stock-based compensation expense | 6,147 | 3,988 |
| Deferred income tax provision | 4,622 | 46,566 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Trade receivables, net | (86,098) | (100,930) |
| Inventories, net | 4,417 | (40,464) |
| Accounts payable | 35,599 | 12,116 |
| Changes in other operating assets and liabilities | (44,246) | 24,475 |
| **Net cash provided by (used in) operating activities** | 85,682 | (31,051) |
| **Cash flows from investing activities:** | | |
| Purchases of fixed assets, net | (35,643) | (41,012) |
| Acquisitions, net of cash received | — | (1,661,650) |
| **Net cash used in investing activities** | (35,643) | (1,702,662) |
| **Cash flows from financing activities:** | | |
| Borrowings under term credit facility | 50,861 | 1,731,523 |
| Payments under term credit facility | (274,695) | (518,849) |
| Proceeds from borrowings on revolving credit facilities | 182,590 | 13,149 |
| Repayments of borrowings on revolving credit facilities | (190,187) | (51,378) |
| Payments of deferred loan costs | (2,556) | (8,516) |
| Proceeds from issuance of common stock, net | 322,812 | 753,986 |
| Proceeds from issuance of preferred stock, net | — | 332,969 |
| ESAB India repurchase of additional noncontrolling interest | — | (29,291) |
| Distributions to noncontrolling owners | (5,115) | (1,080) |
| Contingent payment on acquisition | (3,500) | — |
| Payments of dividend on preferred stock | (10,168) | (7,246) |
| **Net cash provided by financing activities** | 70,042 | 2,215,267 |
| **Effect of foreign exchange rates on Cash and cash equivalents** | (14,593) | (17,706) |
| Increase in Cash and cash equivalents | 105,488 | 463,848 |
| Cash and cash equivalents, beginning of period | 482,449 | 75,108 |
| **Cash and cash equivalents, end of period** | $ 587,937 | $ 538,956 |

See Notes to Condensed Consolidated Financial Statements.

## 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, 2012 is derived from the Company’s audited financial statements. During the three months ended March 29, 2013, adjustments were made retrospectively to provisional amounts recorded as of December 31, 2012, due to the finalization of the valuation of specific tax items related to the acquisition of Charter International plc (“Charter”) by Colfax (the “Charter Acquisition”). See Note 3, “Acquisition” 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, 2012 (the “2012 Form 10-K”), filed with the SEC on February 19, 2013.

The Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments, which, except as described above, 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.

During the three months ended March 29, 2013, Venezuela devalued its currency to an official rate of 6.3 bolivar fuerte (“bolivar”) to the U.S. dollar, representing an approximate 32% devaluation of its currency relative to the U.S. dollar. The Company currently considers Venezuela a highly inflationary currency under GAAP. Therefore, financial statements of the Company’s Venezuelan operation have been remeasured into its parent’s reporting currency, the Colombian peso. Exchange gains and losses from the re-measurement of monetary assets and liabilities are reflected in current earnings. Future impacts to earnings of applying highly inflationary accounting for Venezuela on the Company’s Consolidated Financial Statements will be dependent upon movements in the applicable exchange rates between the bolivar and the Colombian peso and the amount of monetary assets and liabilities included in the Company’s Venezuelan operation’s balance sheet. As of and for the six months ended June 28, 2013, the Company’s Venezuelan operation 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 $5.9 million in the Condensed Consolidated Balance Sheet as of June 28, 2013. The devaluation of the bolivar and the change to the Colombian peso as the functional currency resulted in a foreign currency transaction loss of $2.9 million recognized in Selling, general and administrative expense for the three months ended March 29, 2013.

The results of operations for the three and six months ended June 28, 2013 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 gas- and fluid-handling 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 March 2013, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2013-05, “Foreign Currency Matters (Topic 830)” (“ASU No. 2013-05”). ASU No. 2013-05 is intended to clarify the parent’s accounting for the cumulative translation adjustment upon the sale or transfer of a group of assets within a consolidated foreign entity. When a parent ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity, the parent is required to release any related cumulative translation adjustment into Net income. ASU No. 2013-05 further clarifies the cumulative translation adjustment should be released into Net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU No. 2013-05 also clarifies application of this guidance to step acquisitions. ASU No. 2013-05 is effective prospectively for fiscal years beginning after December 15, 2013, with early adoption permitted. The Company will apply the provisions of ASU No. 2013-05 to future sales or transfers of assets of a consolidated foreign entity.

## 3. Acquisition

### Charter International plc

On January 13, 2012, Colfax completed the acquisition of Charter for a total purchase price of approximately $2.6 billion, comprised of $1.9 billion of cash consideration and $0.7 billion fair value of common stock on the date of acquisition. Charter is a global industrial manufacturing company focused on welding, cutting and automation and air and gas handling.

The Charter Acquisition was accounted for using the acquisition method of accounting. The measurement period was completed during the three months ended March 29, 2013. During the measurement period, the Company retrospectively adjusted provisional amounts with respect to the Charter acquisition 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 three months ended March 29, 2013 of $23.5 million increased the Goodwill balance and relate to the Company’s valuation of specific tax items.

## 4. Net Income (Loss) Per Share

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands, except share data) | | | |
| *Computation of Net income (loss) per share - basic:* | | | | |
| Net income (loss) available to Colfax Corporation common shareholders | $ 53,306 | $ 7,293 | $ 75,859 | $ (102,039) |
| Less: net income attributable to participating securities[1] | (845) | (931) | (3,740) | — |
| | $ 52,461 | $ 6,362 | $ 72,119 | $ (102,039) |
| Weighted-average shares of Common stock outstanding-basic | 98,219,835 | 93,953,620 | 96,257,214 | 87,973,900 |
| Net income (loss) per share - basic | $ 0.53 | $ 0.07 | $ 0.75 | $ (1.16) |
| *Computation of Net income (loss) per share - diluted:* | | | | |
| Net income (loss) available to Colfax Corporation common shareholders | $ 53,306 | $ 7,293 | $ 75,859 | $ (102,039) |
| Less: net income attributable to participating securities[1][2] | — | (931) | (3,740) | — |
| Add: dividends on preferred stock[2] | 5,086 | — | — | — |
| | $ 58,392 | $ 6,362 | $ 72,119 | $ (102,039) |
| Weighted-average shares of Common stock outstanding-basic | 98,219,835 | 93,953,620 | 96,257,214 | 87,973,900 |
| Net effect of potentially dilutive securities - stock options and restricted stock units | 1,129,832 | 779,544 | 1,027,823 | — |
| Net effect of potentially dilutive securities - convertible preferred stock | 12,173,291 | — | — | — |
| Weighted-average shares of Common stock outstanding-diluted | 111,522,958 | 94,733,164 | 97,285,037 | 87,973,900 |
| Net income (loss) per share - diluted | $ 0.52 | $ 0.07 | $ 0.74 | $ (1.16) |

(1) Net income (loss) per share was calculated consistent with the two-class method in accordance with GAAP through April 23, 2013, as further discussed below.
(2) For periods subsequent to April 23, 2013, Net income (loss) per share - dilutive was calculated in accordance with the if-converted method, as further discussed below. However, for the six months ended June 28, 2013, the calculation under this method was anti-dilutive.

On April 23, 2013, the Company and BDT CF Acquisition Vehicle, LLC amended the Certificate for Designations of Series A Perpetual Convertible Preferred Stock of Colfax Corporation to eliminate the right of the Series A Preferred Stock to share proportionately in any dividends or distributions made in respect of the Company's Common stock. BDT CF Acquisition Vehicle is the sole holder of all issued and outstanding shares of the Company's Series A Convertible Preferred Stock. For periods prior to April 23, 2013, Net income available to Colfax Corporation common shareholders was allocated to participating securities, while any losses for those periods were not allocated to the participating securities. Effective April 23, 2013, the Company's Series A Convertible Preferred Stock is no longer considered a participating security. For periods subsequent to April 23, 2013, the Company's Net income (loss) per share - dilutive is computed using the "if-converted" method. Under the "if-converted" method, Net income (loss) per share - dilutive is calculated under the assumption that the Series A Convertible Preferred Stock have been converted into shares of Common stock as of the beginning of the respective period. For the six months ended June 28, 2013, the weighted-average computation of the dilutive effect of potentially issuable shares of Common stock excludes 12.2 million shares assuming that the Series A Preferred Stock have been converted, as inclusion of such shares 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 three months ended June 28, 2013 and June 29, 2012 excludes approximately 0.5 million and 1.4 million 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 28, 2013 and June 29, 2012 excludes approximately 0.7 million and 2.9 million outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

## 5. Income Taxes

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 is 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 is not expected to be recognized in 2013.

During the three months ended June 29, 2012, Income before income taxes was $34.6 million and the Provision for income taxes was $15.9 million. The Provision for income taxes for the three months ended June 29, 2012 was significantly impacted by increased corporate overhead and Interest expense related to the combined organization reflected in the Condensed Consolidated Statement of Operations, which were incurred in jurisdictions where no tax benefit can be recognized.

During the six months ended June 29, 2012, Loss before income taxes was $8.5 million and the Provision for income taxes was $73.3 million. The provision was impacted by two significant items. Upon completion of the Charter Acquisition, certain deferred tax assets existing at that date were reassessed in light of the impact of the acquired businesses on expected future income or loss by country and future tax planning, including the impact of the post-acquisition capital structure. This assessment resulted in an increase in the Company’s valuation allowance to provide full valuation allowances against U.S. deferred tax assets. The increased valuation allowances resulted in an increase to the Provision for income taxes for the six months ended June 29, 2012 of $50.3 million. In addition, $43.6 million of Charter acquisition-related expense and increased corporate overhead and Interest expense reflected in the Condensed Consolidated Statement of Operations are either non-deductible or were incurred in jurisdictions where no tax benefit can be recognized. These two items are the principal cause of tax provision rather than the tax benefit which would result from the application of the U.S. federal statutory rate to the reported net loss.

## 6. Equity

*Common Stock*

On May 13, 2013, the Company sold 7,500,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of $331.9 million. In conjunction with this issuance, the Company recognized $12.0 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 28, 2013.

*Accumulated Other Comprehensive Loss*

The following table presents the changes in the balances of each component of Accumulated other comprehensive loss including current period reclassifications out of Accumulated other comprehensive loss for the six months ended June 28, 2013. All amounts are net of tax and noncontrolling interest.

| | Accumulated Other Comprehensive Loss Components | | | |
|---|---|---|---|---|
| | Net Unrecognized Pension And Other Post-Retirement Benefit Cost | Foreign Currency Translation Adjustment | Unrealized (Loss) Gain On Hedging Activities | Total |
| | (In thousands) | | | |
| Beginning Balance | $ (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 loss | 5,157 | — | — | 5,157 |
| Net current period other comprehensive income (loss) | 5,157 | (161,529) | 3,499 | (152,873) |
| Ending balance | $ (242,175) | $ (56,811) | $ (481) | $ (299,467) |

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

| | Three Months Ended June 28, 2013 | | | Six Months Ended June 28, 2013 | | |
|---|---|---|---|---|---|---|
| | Amounts Reclassified From Other Comprehensive Loss | Tax Benefit | Total | Amounts Reclassified From Other Comprehensive 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 cost. See Note 10, “Net Periodic Benefit Cost - Defined Benefit Plans” for additional details.

During the six months ended June 28, 2013, Noncontrolling interest decreased by $12.5 million due to Other comprehensive loss, primarily due to currency translation adjustment.

## 7. Inventories, Net

Inventories, net consisted of the following:

| | June 28, 2013 | December 31, 2012 |
|---|---|---|
| | (In thousands) | |
| Raw materials | $ 137,859 | $ 154,771 |
| Work in process | 98,945 | 99,459 |
| Finished goods | 252,074 | 263,211 |
| | 488,878 | 517,441 |
| Less: customer progress billings | (9,839) | (14,571) |
| Less: allowance for excess, slow-moving and obsolete inventory | (11,767) | (9,221) |
| Inventories, net | $ 467,272 | $ 493,649 |

## 8. Debt

Long-term debt consisted of the following:

| | June 28, 2013 | December 31, 2012 |
|---|---|---|
| | (In thousands) | |
| Term loans | $ 1,467,405 | $ 1,682,177 |
| Revolving credit facilities and other | 38,537 | 46,134 |
| Total Debt | 1,505,942 | 1,728,311 |
| Less: current portion | (95,029) | (34,799) |
| Long-term debt | $ 1,410,913 | $ 1,693,512 |

On February 22, 2013, the Company entered into the Second Amendment to its credit agreement (the “Deutsche Bank 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 (the “Second Amendment”). Pursuant to the Second Amendment, the Company amended its credit agreement to, among other things, (i) reallocate the borrowing capacities of the tranches of loans as follows: a $408.7 million term A-1 facility, a $380 million term A-2 facility, a €157.6 million term A-3 facility, a €105.3 million term A-4 facility, a $400 million term B facility and two revolving credit subfacilities which total $500 million in commitments, (ii) provide for an interest rate margin on the term A-1 facility, the term A-2 facility and the revolving credit subfacilities ranging from 0.75% to 1.50% per annum for base rate loans and 1.75% to 2.50% per annum for Eurocurrency rate loans, in each case, determined by the Company’s leverage ratio, (iii) provide for an interest rate margin on the term A-3 facility and the term A-4 facility ranging from 1.50% to 2.25% per annum for base rate loans and 2.50% to 3.25% per annum for Eurocurrency rate loans, in each case, determined by the Company’s leverage ratio and (iv) provide for an interest rate margin on the term B facility of 1.50% per annum for base rate loans and 2.50% per annum for Eurocurrency rate loans. In conjunction with the Second Amendment, the Company recorded a charge to Interest expense in the Condensed Consolidated Statement of Operations for the six months ended June 28, 2013 of $2.6 million to write-off certain deferred financing fees and original issue discount and expensed approximately $0.5 million of costs incurred in connection with the refinancing. The Company had an original issue discount of $44.0 million and deferred financing fees of $16.8 million included in its Condensed Consolidated Balance Sheet as of June 28, 2013, 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 28, 2013, the weighted-average interest rate of borrowings under the amended Deutsche Bank Credit Agreement was 2.62%, excluding accretion of original issue discount, and there was $499.9 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 $572.3 million, of which $332.7 million was outstanding as of June 28, 2013.

As of June 28, 2013, the Company is in compliance with the covenants under the Deutsche Bank Credit Agreement.

## 9. Accrued Liabilities

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

| | June 28, 2013 | December 31, 2012 |
|---|---|---|
| | (In thousands) | |
| Accrued payroll | $ 101,911 | $ 99,583 |
| Advance payment from customers | 61,806 | 61,431 |
| Accrued taxes | 61,948 | 34,165 |
| Accrued asbestos-related liability | 63,299 | 58,501 |
| Warranty liability - current portion | 31,142 | 35,678 |
| Accrued restructuring liability - current portion | 13,255 | 25,406 |
| Accrued third-party commissions | 12,638 | 12,320 |
| Other | 93,542 | 120,136 |
| Accrued liabilities | $ 439,541 | $ 447,220 |

*Warranty Liability*

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

| | Six Months Ended | |
|---|---|---|
| | June 28, 2013 | June 29, 2012 |
| | (In thousands) | |
| Warranty liability, beginning of period | $ 40,437 | $ 2,987 |
| Accrued warranty expense | 9,095 | 8,728 |
| Changes in estimates related to pre-existing warranties | (816) | 511 |
| Cost of warranty service work performed | (10,611) | (12,139) |
| Acquisitions | — | 44,476 |
| Foreign exchange translation effect | (1,142) | (1,695) |
| Warranty liability, end of period | $ 36,963 | $ 42,868 |

*Accrued Restructuring Liability*

The Company’s restructuring programs include a series of restructuring actions at its fluid-handling operations beginning in 2009 and ongoing initiatives as a result of the Charter Acquisition as well as efforts to reduce the structural costs and rationalize the corporate overhead of the combined businesses.

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 28, 2013 | | | | |
|---|---|---|---|---|---|
| | 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] | $ 3,060 | $ 1,465 | $ (3,958) | $ (66) | $ 501 |
| Facility closure costs[2] | 1,177 | 1 | (282) | (15) | 881 |
| Other related charges | — | — | — | — | — |
| | 4,237 | 1,466 | (4,240) | (81) | 1,382 |
| ***Fabrication Technology:*** | | | | | |
| Termination benefits[1] | 14,637 | 5,201 | (9,858) | (103) | $ 9,877 |
| Facility closure costs[2] | 6,925 | 1,096 | (5,622) | (6) | 2,393 |
| Other related charges | 33 | 928 | (914) | (45) | 2 |
| | 21,595 | 7,225 | (16,394) | (154) | 12,272 |
| ***Corporate and Other:*** | | | | | |
| Termination benefits[1] | — | — | — | — | — |
| Facility closure costs[2] | 1,522 | — | (118) | (100) | 1,304 |
| Other related charges | — | — | — | — | — |
| | 1,522 | — | (118) | (100) | 1,304 |
| | $ 27,354 | $ 8,691 | $ (20,752) | $ (335) | $ 14,958 |

[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 28, 2013, $13.3 million and $1.7 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 $20 million during the remainder of 2013 related to these restructuring activities.

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

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands) | | | |
| **Pension Benefits-U.S. Plans:** | | | | |
| Service cost | $ — | $ — | $ — | $ — |
| Interest cost | 4,450 | 4,660 | 8,774 | 9,345 |
| Expected return on plan assets | (6,228) | (6,012) | (12,419) | (12,043) |
| Amortization | 1,963 | 1,854 | 3,927 | 3,600 |
| Net periodic benefit cost | $ 185 | $ 502 | $ 282 | $ 902 |
| **Pension Benefits-Non U.S. Plans:** | | | | |
| Service cost | $ 862 | $ 728 | $ 1,822 | $ 1,560 |
| Interest cost | 11,498 | 8,147 | 22,204 | 16,101 |
| Expected return on plan assets | (8,669) | (4,732) | (16,490) | (9,490) |
| Amortization | 636 | 190 | 1,231 | 380 |
| Net periodic benefit cost | $ 4,327 | $ 4,333 | $ 8,767 | $ 8,551 |
| **Other Post-Retirement Benefits:** | | | | |
| Service cost | $ 28 | $ 63 | $ 135 | $ 102 |
| Interest cost | 285 | 313 | 457 | 639 |
| Amortization | 177 | 233 | 353 | 466 |
| Net periodic benefit cost | $ 490 | $ 609 | $ 945 | $ 1,207 |

## 11. Financial Instruments and Fair Value Measurements

The carrying values of financial instruments, including Trade receivables and Accounts payable, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's debt of $1.5 billion and $1.7 billion as of June 28, 2013 and December 31, 2012, 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.

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 28, 2013 | | | |
|---|---|---|---|---|
| | Level One | Level Two | Level Three | Total |
| | (In thousands) | | | |
| *Assets:* | | | | |
| Cash equivalents | $ 328,536 | $ — | $ — | $ 328,536 |
| Foreign currency contracts related to sales - designated as hedges | — | 4,126 | — | 4,126 |
| Foreign currency contracts related to sales - not designated as hedges | — | 1,889 | — | 1,889 |
| Foreign currency contracts related to purchases - designated as hedges | — | 897 | — | 897 |
| Foreign currency contracts related to purchases - not designated as hedges | — | 2,258 | — | 2,258 |
| Deferred compensation plans | — | 2,684 | — | 2,684 |
| | $ 328,536 | $ 11,854 | — | $ 340,390 |
| *Liabilities:* | | | | |
| Foreign currency contracts related to sales - designated as hedges | $ — | $ 4,911 | $ — | $ 4,911 |
| Foreign currency contracts related to sales - not designated as hedges | — | 2,619 | — | 2,619 |
| Foreign currency contracts related to purchases - designated as hedges | — | 762 | — | 762 |
| Foreign currency contracts related to purchases - not designated as hedges | — | 1,809 | — | 1,809 |
| Deferred compensation plans | — | 2,684 | — | 2,684 |
| Liability for contingent payments | — | — | 3,387 | 3,387 |
| | $ — | $ 12,785 | $ 3,387 | $ 16,172 |

| | December 31, 2012 | | | |
|---|---|---|---|---|
| | Level One | Level Two | Level Three | Total |
| | (In thousands) | | | |
| *Assets:* | | | | |
| Cash equivalents | $ 133,878 | $ — | $ — | $ 133,878 |
| Foreign currency contracts related to sales - designated as hedges | — | 6,832 | — | 6,832 |
| Foreign currency contracts related to sales - not designated as hedges | — | 2,249 | — | 2,249 |
| Foreign currency contracts related to purchases - designated as hedges | — | 213 | — | 213 |
| Foreign currency contracts related to purchases - not designated as hedges | — | 1,077 | — | 1,077 |
| Deferred compensation plans | — | 2,542 | — | 2,542 |
| | $ 133,878 | $ 12,913 | — | $ 146,791 |
| *Liabilities:* | | | | |
| Foreign currency contracts related to sales - designated as hedges | $ — | $ 1,024 | $ — | $ 1,024 |
| Foreign currency contracts related to sales - not designated as hedges | — | 1,693 | — | 1,693 |
| Foreign currency contracts related to purchases - designated as hedges | — | 896 | — | 896 |
| Foreign currency contracts related to purchases - not designated as hedges | — | 1,062 | — | 1,062 |
| Deferred compensation plans | — | 2,542 | — | 2,542 |
| Liability for contingent payments | — | — | 6,517 | 6,517 |
| | $ — | $ 7,217 | $ 6,517 | $ 13,734 |

There were no transfers in or out of Level One, Two or Three during the six months ended June 28, 2013.

***Foreign Currency Contracts.*** As of June 28, 2013 and December 31, 2012, the Company had foreign currency contracts with the following notional values:

| | June 28, 2013 | December 31, 2012 |
|---|---|---|
| | (In thousands) | |
| Foreign currency contracts sold - not designated as hedges | $ 236,186 | $ 301,185 |
| Foreign currency contracts sold - designated as hedges | 204,397 | 238,537 |
| Foreign currency contracts purchased - not designated as hedges | 188,545 | 121,741 |
| Foreign currency contracts purchased - designated as hedges | 56,238 | 37,065 |
| Total foreign currency derivatives | $ 685,366 | $ 698,528 |

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands) | | | |
| ***Contracts Designated as Hedges:*** | | | | |
| Interest Rate Swap: | | | | |
| Realized loss | $ — | $ — | $ — | $ (471) |
| Foreign Currency Contracts - related to customer sales contracts: | | | | |
| Unrealized gain (loss) | 407 | (3,557) | (590) | (2,248) |
| Realized gain (loss) | 386 | 75 | (3,471) | (680) |
| Foreign Currency Contracts - related to supplier purchase contracts: | | | | |
| Unrealized loss | (110) | (243) | (1,053) | (849) |
| Realized (loss) gain | (160) | 325 | 1,501 | 235 |
| Unrealized gain (loss) on net investment hedges | 1,567 | 9,875 | 7,263 | (4) |
| ***Contracts Not Designated in a Hedge Relationship:*** | | | | |
| Foreign Currency Contracts - acquisition-related: | | | | |
| Realized loss | — | — | — | (7,177) |
| Foreign Currency Contracts - related to customer sales contracts: | | | | |
| Unrealized loss | (1,733) | (4,856) | (489) | (1,620) |
| Realized gain (loss) | 440 | (67) | (1,972) | 910 |
| Foreign Currency Contracts - related to supplier purchases contracts: | | | | |
| Unrealized gain | 1,777 | 2,719 | 867 | 226 |
| Realized (loss) gain | (1,028) | (151) | 506 | (34) |

***Liability for Contingent Payments***

The Company's liability for contingent payments represents the fair value of estimated additional cash payments related to its acquisition of COT-Puritech, Inc. in December of 2011, which are subject to the achievement of certain performance goals, and is included in Other liabilities in the Consolidated Balance Sheets. 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 and is included in Level Three of the fair value hierarchy. Accretion is recognized in Interest expense in the Consolidated Statements of Operations and realized or unrealized gains or losses are recognized in Selling, general and administrative expense in the Consolidated Statements of Operations.

A summary of activity in the Company's liability for contingent payments during the six months ended June 28, 2013 is as follows:

| | (In thousands) |
|---|---|
| Balance at January 1, 2013 | $ 6,517 |
| Interest accretion | 370 |
| Cash payment | (3,500) |
| Balance at June 28, 2013 | $ 3,387 |

## 12. Commitments and Contingencies

For further description of the Company's litigation and contingencies, reference is made to Note 16, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements in our 2012 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 28, 2013 | June 29, 2012 |
| | (Number of claims) | |
| Claims unresolved, beginning of period | 23,523 | 25,281 |
| Claims filed[(2)] | 2,298 | 2,257 |
| Claims resolved[(3)] | (3,188) | (1,998) |
| Claims unresolved, end of period | 22,633 | 25,540 |

(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 28, 2013 | December 31, 2012 |
|---|---|---|
| | (In thousands) | |
| Current asbestos insurance asset[(1)] | $ 35,192 | $ 35,566 |
| Current asbestos insurance receivable[(1)] | 48,147 | 36,778 |
| Long-term asbestos insurance asset[(2)] | 300,021 | 315,363 |
| Long-term asbestos insurance receivable[(2)] | 14,482 | 7,063 |
| Accrued asbestos liability[(3)] | 63,299 | 58,501 |
| Long-term asbestos liability[(4)] | 359,763 | 375,493 |

(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 the 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.

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 reserves to cover potential liabilities. Any costs that management estimates may be paid related to these proceedings or claims are accrued when the liability is considered probable and the amount can be reasonably estimated. There can be no assurance, however, as to the ultimate outcome of any of these matters, and if all or substantially all of these legal proceedings were to be determined adverse to the Company, there could be a material adverse effect on the financial condition, results of operations or cash flow of the Company.

## 13. Segment Information

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

- ***Gas & 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 before Restructuring and other related charges.

The Company's segment results were as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands) | | | |
| ***Net sales:*** | | | | |
| Gas and fluid handling | $ 516,763 | $ 496,495 | $ 941,868 | $ 921,826 |
| Fabrication technology | 557,355 | 549,158 | 1,079,393 | 1,010,193 |
| | $ 1,074,118 | $ 1,045,653 | $ 2,021,261 | $ 1,932,019 |
| ***Segment operating income (loss)[(1)]:*** | | | | |
| Gas and fluid handling | $ 69,440 | $ 45,112 | $ 111,928 | $ 64,921 |
| Fabrication technology | 59,427 | 45,411 | 103,895 | 62,407 |
| Corporate and other | (12,738) | (11,659) | (23,153) | (63,952) |
| | $ 116,129 | $ 78,864 | $ 192,670 | $ 63,376 |

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands) | | | |
| Income (loss) before income taxes | $ 93,598 | $ 34,565 | $ 142,636 | $ (8,548) |
| Interest expense | 18,054 | 25,741 | 41,343 | 44,723 |
| Restructuring and other related charges | 4,477 | 18,558 | 8,691 | 27,201 |
| Segment operating income | $ 116,129 | $ 78,864 | $ 192,670 | $ 63,376 |

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In thousands) | | | |
| Gas handling | $ 352,084 | $ 322,566 | $ 627,531 | $ 586,162 |
| Fluid handling | 164,679 | 173,929 | 314,337 | 335,664 |
| Welding and cutting | 557,355 | 549,158 | 1,079,393 | 1,010,193 |
| Total Net sales | $ 1,074,118 | $ 1,045,653 | $ 2,021,261 | $ 1,932,019 |

## 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 28, 2013 (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, 2012 (the "2012 Form 10-K") filed with the Securities and Exchange Commission (the "SEC") on February 19, 2013.*

### 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 ability to successfully integrate Charter International plc ("Charter");
- 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;
- failure to maintain and protect our intellectual property rights;
- the loss of key members of our leadership team;
- restrictions in our credit agreement with Deutsche Bank Securities Inc., HSBC Securities (USA) Inc. and certain other lender parties named therein (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;
- 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 2012 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 2012 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, modeled on the Danaher Business System, 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 28, 2013 to the comparable 2012 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:

On January 13, 2012, Colfax completed the acquisition of Charter (the "Charter Acquisition") for a total purchase price of approximately $2.6 billion. Charter is a global industrial manufacturing company focused on welding, cutting and automation and air and gas handling. The impact of the additional 12 days of operations is included in the change in Net sales due to acquisitions.

In May 2012, Colfax acquired the remaining 83.7% of CJSC Sibes ("Sibes") not already owned by its ESAB business for approximately $8.5 million, including the assumption of debt. Sibes is a leading supplier of welding electrodes to customers in Eastern Russia and strengthens ESAB's position in the attractive Russian welding consumables market, particularly in the energy and natural resources end markets.

On September 13, 2012, Colfax completed the acquisition of the Co-Vent Group Inc. ("Co-Vent") for $34.6 million. Co-Vent specializes in the custom design, manufacture, and testing of industrial fans, with its primary operations based in Quebec, Canada. As a result of this acquisition, Colfax has expanded its product offerings in the industrial fan market.

On October 31, 2012, Colfax completed the acquisition of approximately 91% of the outstanding common and investment shares of Soldex S.A. ("Soldex") for approximately $186.1 million. Soldex is organized under the laws of Peru and complements our existing fabrication technology segment by supplying welding products from its plants in Colombia and Peru.

Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 80% and 79% for the three and six months ended June 28, 2013, 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 $1,045.7 million in the second quarter of 2012 to $1,074.1 million in the second quarter of 2013. Our Net sales increased from Net sales of $1,932.0 million in the six months ended June 29, 2012 to $2,021.3 million in the six months ended June 28, 2013. 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 29, 2012 | $ 1,045.7 | | $ 534.5 | |
| *Components of Change:* | | | | |
| Existing businesses[(2)] | (2.7) | (0.3)% | (53.6) | (10.0)% |
| Acquisitions[(3)] | 37.4 | 3.6 % | 6.0 | 1.1 % |
| Foreign currency translation[(4)] | (6.3) | (0.6)% | (8.7) | (1.6)% |
| | 28.4 | 2.7 % | (56.3) | (10.5)% |
| For the three months ended June 28, 2013 | $ 1,074.1 | | $ 478.2 | |

| | Net Sales | | Orders[(1)] | | Backlog at Period End | |
|---|---|---|---|---|---|---|
| | $ | % | $ | % | $ | % |
| | (In millions) | | | | | |
| As of and for the six months ended June 29, 2012 | $ 1,932.0 | | $ 1,032.0 | | $ 1,375.9 | |
| *Components of Change:* | | | | | | |
| Existing businesses[(2)] | (26.7) | (1.4)% | (75.1) | (7.3)% | 23.2 | 1.7 % |
| Acquisitions[(3)] | 142.6 | 7.4 % | 39.5 | 3.8 % | 21.2 | 1.5 % |
| Foreign currency translation[(4)] | (26.6) | (1.4)% | (16.1) | (1.5)% | (31.9) | (2.3)% |
| | 89.3 | 4.6 % | (51.7) | (5.0)% | 12.5 | 0.9 % |
| As of and for the six months ended June 28, 2013 | $ 2,021.3 | | $ 980.3 | | $ 1,388.4 | |

(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 Charter, Soldex and Co-Vent. The impact related to the Charter Acquisition represents 12 days of activity for ESAB and Howden as the acquisition closed on January 13, 2012.
(4) Represents the difference between prior year sales and orders valued at the actual prior year foreign exchange rates and prior year sales and orders valued at current year foreign exchange rates.

The decrease in Net sales from existing businesses during the second quarter of 2013 compared to the second quarter of 2012 was attributable to a decrease of $20.7 million in our fabrication technology segment, partially offset by an increase of $18.0 million in our gas- and fluid-handling segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment decreased during the second quarter of 2013 in comparison to the second quarter of 2012 due to declines in the oil, gas and petrochemical, general industrial and other, power generation and mining end markets, partially offset by increased demand in the marine end market.

The decrease in Net sales from existing businesses during the six months ended June 28, 2013 compared to the six months ended June 29, 2012 was attributable to a decrease of $37.6 million in our fabrication technology segment, partially offset by an increase of $10.9 million in our gas- and fluid-handling segment. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment decreased during the six months ended June 28, 2013 in comparison to the six months ended June

29, 2012 due to declines in the oil, gas and petrochemical, general industrial and other and mining end markets, partially offset by increased demand in the power generation and marine end markets.

*Business Segments*

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In millions) | | | |
| Gas and Fluid Handling | $ 516.8 | $ 496.5 | $ 941.9 | $ 921.8 |
| Fabrication Technology | 557.3 | 549.2 | 1,079.4 | 1,010.2 |
| Total Net sales | $ 1,074.1 | $ 1,045.7 | $ 2,021.3 | $ 1,932.0 |

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, Baric, Fairmount Automation, Houttuin, Imo, LSC, COT-Puritech, Portland Valve, Tushaco, Warren and Zenith. 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 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (Dollars in millions) | | | |
| Net sales | $ 516.8 | $ 496.5 | $ 941.9 | $ 921.8 |
| Gross profit | 159.0 | 148.5 | 286.0 | 271.7 |
| Gross profit margin | 30.8% | 29.9% | 30.4% | 29.5% |
| Restructuring and other related charges | $ 0.2 | $ 3.0 | $ 1.5 | $ 3.8 |
| Selling, general and administrative expense | 89.1 | 100.2 | 171.9 | 201.3 |
| Selling, general and administrative expense as a percentage of Net sales | 17.2% | 20.2% | 18.3% | 21.8% |
| Segment operating income | $ 69.4 | $ 45.1 | $ 111.9 | $ 64.9 |
| Segment operating income margin | 13.4% | 9.1% | 11.9% | 7.0% |

The $18.0 million Net sales increase due to existing businesses during the second quarter of 2013 in comparison to the second quarter of 2012, as discussed and defined under "Sales, Orders and Backlog" above, was primarily due to growth in the power generation, marine and general industrial and other end markets, partially offset by declines in the oil, gas and petrochemical and mining end markets. Additionally, Net sales increased by $4.6 million due to acquisition-related growth, which was partially offset by a decrease of $2.4 million due to changes in foreign exchange rates. Gross profit increased in the second quarter of 2013 reflecting the positive impact of higher volumes and strong cost control activities. Selling, general and administrative expense for the second quarter of 2013 decreased compared to the second quarter of 2012 primarily due to a decrease of $14.5 million in acquisition-related amortization expense.

The $10.9 million Net sales increase due to existing businesses during the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012, as discussed and defined under "Sales, Orders and Backlog" above, was primarily due to growth in the power generation and marine end markets, partially offset by declines in the oil, gas and petrochemical, mining and general industrial and other end markets. Additionally, Net sales increased by $19.8 million due to acquisition-related growth, including 12 additional days of activity in Howden, which was partially offset by a decrease of $10.6 million due to changes in foreign exchange rates. Gross profit increased during the six months ended June 28, 2013 reflecting the positive impact of higher volumes and strong cost control activities. Selling, general and administrative expense for the six months ended June 28, 2013 decreased compared to the six months ended June 29, 2012 primarily due to a decrease of $26.8 million in acquisition-related amortization expense. Additionally, $4.4 million of acquisition-related amortization expense was reflected in Gross profit for the six months ended June 29, 2012.

Fabrication Technology

We formulate, develop, manufacture and supply consumable products and equipment for use in the cutting and joining of steels, aluminum and other metals and metal alloys. Our fabrication technology products are principally marketed under the ESAB brand name, which we believe is a leading international welding company with roots dating back to the invention of the welding electrode. ESAB's comprehensive range of welding consumables includes electrodes, cored and solid wires and fluxes. ESAB's fabrication technology equipment ranges from portable units to large custom systems. 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 28, 2013** | **June 29, 2012** | **June 28, 2013** | **June 29, 2012** |
| | **(Dollars in millions)** | | | |
| Net sales | $ 557.3 | $ 549.2 | $ 1,079.4 | $ 1,010.2 |
| Gross profit | 178.8 | 166.4 | 342.5 | 284.9 |
| Gross profit margin | 32.1% | 30.3% | 31.7% | 28.2% |
| Restructuring and other related charges | $ 4.3 | $ 13.0 | $ 7.2 | $ 19.1 |
| Selling, general and administrative expense | 119.5 | 121.0 | 238.7 | 222.5 |
| Selling, general and administrative expense as a percentage of Net sales | 21.4% | 22.0% | 22.1% | 22.0% |
| Segment operating income | $ 59.4 | $ 45.4 | $ 103.9 | $ 62.4 |
| Segment operating income margin | 10.7% | 8.3% | 9.6% | 6.2% |

The $8.1 million sales increase during the second quarter of 2013 compared to the second quarter of 2012 was primarily the result of acquisition-related growth of $32.8 million. The $20.7 million sales decline due to existing businesses during the second quarter of 2013 in comparison to the second quarter of 2012, as discussed and defined under "Sales, Orders and Backlog" above, was primarily the result of decreases in consumable volumes in Europe, Asia and North America. In the second quarter of 2013, Gross profit and gross profit margin were favorably impacted by the fixed costs eliminated by several manufacturing site closings in late 2012 and the higher gross profit margins at Soldex.

The $69.2 million sales increase during the six months ended June 28, 2013 compared to the six months ended June 29, 2012 was primarily the result of acquisition-related growth of $122.9 million, including 12 additional days of activity in ESAB. The $37.6 million sales decline due to existing businesses during the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012, as discussed and defined under "Sales, Orders and Backlog" above, was primarily the result of decreases in consumable volumes in Europe, Asia and North America. Gross profit and gross profit margin for the six months ended June 29, 2012 were impacted by acquisition-related amortization expense of $17.0 million. In the six months ended June 28, 2013, Gross profit and gross profit margin were favorably impacted by the fixed costs eliminated by several manufacturing site closings in late 2012 and the higher gross profit margins at Soldex. Additionally, Selling, general and administrative expense increased by $17.3 million due to the acquisition of Soldex. This amount includes the impact of the devaluation of the Venezuelan bolivar fuerte, which resulted in a foreign currency transaction loss of $2.9 million recognized in Selling, general and administrative expense for the six months ended June 28, 2013. Selling, general and administrative expense was also impacted by the inclusion of an additional 12 days of operations in 2013 compared to the six months ended June 29, 2012. See Note 1, "General" in the accompanying Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for additional discussion regarding the devaluation of the Venezuelan bolivar fuerte.

*Gross Profit - Total Company*

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In millions) | | | |
| Gross profit | $ 337.8 | $ 314.9 | $ 628.5 | $ 556.6 |
| Gross profit margin | 31.5% | 30.1% | 31.1% | 28.8% |

The $22.9 million increase in Gross profit during the second quarter of 2013 in comparison to the second quarter of 2012 was attributable to increases of $10.5 million in our gas- and fluid-handling segment and $12.4 million in our fabrication technology segment. Gross profit and gross profit margin increased during the second quarter of 2013 primarily due to the impact of our cost reduction efforts. Changes in foreign exchange rates during the second quarter of 2013 had a $2.4 million negative impact on Gross profit in comparison to the second quarter of 2012.

The $71.9 million increase in Gross profit during the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012 was attributable to increases of $14.3 million in our gas- and fluid-handling segment and $57.6 million in our fabrication technology segment. Gross profit and gross profit margin increased during the six months ended June 28, 2013 due to $21.4 million of acquisition-related inventory step-up expense incurred in the six months ended June 29, 2012. The improvement in gross profit margin during the period was also due to the impact of our cost reduction efforts. Changes in foreign exchange rates during the six months ended June 28, 2013 had a $6.4 million negative impact on Gross profit in comparison to the six months ended June 29, 2012.

*Operating Expenses - Total Company*

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (Dollars in millions) | | | |
| Selling, general and administrative expense | $ 221.2 | $ 232.0 | $ 433.7 | $ 444.0 |
| Selling, general and administrative expense as a percentage of Net sales | 20.6% | 22.2% | 21.5% | 23.0% |
| Charter acquisition-related expense | — | 0.8 | — | 43.6 |
| Restructuring and other related charges | 4.5 | 18.6 | 8.7 | 27.2 |
| Asbestos coverage litigation expense | 0.5 | 3.2 | 2.2 | 5.5 |

Selling, general and administrative expense decreased $10.8 million during the second quarter of 2013 in comparison to the second quarter of 2012 primarily due to a decrease in acquisition-related amortization expense of $14.5 million, partially offset by the increase in expenses resulting from the acquisition of Soldex. Restructuring and other related charges decreased in the second quarter of 2013 in comparison to the second quarter of 2012 primarily as a result of several substantial cost reduction programs in the fabrication technology segment. Additionally, Asbestos coverage litigation expense decreased in the second quarter of 2013 because in the second quarter of 2012 significant costs were incurred for the preparation of our appeals submissions related to a case decided by the trial court during 2011 and for depositions and preparation for a trial related to another subsidiary's coverage which was conducted in the fourth quarter of 2012.

Selling, general and administrative expense decreased $10.3 million during the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012, primarily due to a decrease in acquisition-related amortization expense of $26.8 million, partially offset by the increase in expenses resulting from the additional 12 days of operations related to the entities acquired as part of the Charter Acquisition and the acquisition of Soldex. During the six months ended June 29, 2012, we incurred $43.6 million of advisory, legal, valuation and other professional service fees and realized losses on acquisition-related foreign exchange derivatives in connection with the Charter Acquisition. Restructuring and other related charges decreased in the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012 primarily as a result of the completion of several substantial cost reduction programs in the fabrication technology segment. Additionally, Asbestos coverage litigation expense decreased in the six months ended June 28, 2013 because in the six months ended June 29, 2012 significant costs were incurred for the preparation of our appeals submissions related to a case decided by the trial court during 2011 and for depositions and preparation for a trial related to another subsidiary's coverage which was conducted in the fourth quarter of 2012.

*Interest Expense - Total Company*

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 28, 2013 | June 29, 2012 | June 28, 2013 | June 29, 2012 |
| | (In millions) | | | |
| Interest expense | $ 18.1 | $ 25.7 | $ 41.3 | $ 44.7 |

The decrease in Interest expense during the second quarter of 2013 in comparison to the second quarter of 2012 was attributable primarily to the favorable impact of lower borrowing rates associated with the Second Amendment to the Deutsche Bank Credit Agreement, as defined and further discussed under “—Liquidity and Capital Resources—Borrowing Arrangements” below.

The decrease in Interest expense during the six months ended June 28, 2013 in comparison to the six months ended June 29, 2012 was attributable primarily to the favorable impact of lower borrowing rates, partially offset by $3.1 million of charges related to the Second Amendment to the Deutsche Bank Credit Agreement, as defined and further discussed under “—Liquidity and Capital Resources—Borrowing Arrangements” below. In addition, significant borrowings related to the Charter Acquisition were made throughout January 2012, whereas no significant new borrowings have been made in 2013.

*Provision for Income Taxes - Total Company*

The effective income tax rate for the second quarter of 2013 was 28.2% compared to an effective tax rate of 46.1% during the second quarter of 2012. Our effective income 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 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 is not expected to be recognized in 2013. Our effective income tax rate for the second quarter of 2012 was significantly impacted by increased corporate overhead and Interest expense related to the combined organization, which was incurred in jurisdictions where no tax benefit can be recognized.

The effective tax rate for the six months ended June 28, 2013 was 30.3%, which was lower than the U.S. federal statutory tax rate primarily due to foreign earnings where international tax rates are lower than the U.S. tax rate 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 is not expected to be recognized in 2013.

During the six months ended June 29, 2012, Loss before income taxes was $8.5 million and the Provision for income taxes was $73.3 million. The Provision for income taxes was impacted by two significant items. Upon completion of the Charter Acquisition, certain deferred tax assets existing at that date were reassessed in light of the impact of the acquired businesses on expected future income or loss by country and future tax planning, including the impact of the post-acquisition capital structure. This assessment resulted in an increase in our valuation allowance to provide full valuation allowances against U.S. deferred tax assets. The increased valuation allowances resulted in a non-cash increase to the income tax provision for the six months ended June 29, 2012 of $50.3 million. In addition, $43.6 million of Charter acquisition-related expense reflected in the Condensed Consolidated Statement of Operations are either non-deductible or were incurred in jurisdictions where no tax benefit can be recognized. These two items are the principal cause of tax provision rather than the tax benefit which would result from the application of the U.S. federal statutory rate to the reported net loss.

**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 May 13, 2013, the Company sold 7,500,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of $331.9 million. In conjunction with this issuance, the

Company recognized $12.0 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 28, 2013.

*Borrowing Arrangements*

On February 22, 2013, Colfax entered into the Second Amendment to the Deutsche Bank Credit Agreement, as amended, 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 (the “Second Amendment”). Pursuant to the Second Amendment, the Company amended its credit agreement to, among other things, (i) reallocate the borrowing capacities of the tranches of loans as follows: a $408.7 million term A-1 facility, a $380 million term A-2 facility, a €157.6 million term A-3 facility, a €105.3 million term A-4 facility, a $400 million term B facility and two revolving credit subfacilities which total $500 million in commitments, (ii) provide for an interest rate margin on the term A-1 facility, the term A-2 facility and the revolving credit subfacilities ranging from 0.75% to 1.50% per annum for base rate loans and 1.75% to 2.50% per annum for Eurocurrency rate loans, in each case, determined by the Company’s leverage ratio, (iii) provide for an interest rate margin on the term A-3 facility and the term A-4 facility ranging from 1.50% to 2.25% per annum for base rate loans and 2.50% to 3.25% per annum for Eurocurrency rate loans, in each case, determined by the Company’s leverage ratio and (iv) provide for an interest rate margin on the term B facility of 1.50% per annum for base rate loans and 2.50% per annum for Eurocurrency rate loans. Other amendments and modifications are more fully set forth in the full text of the Second Amendment. In conjunction with the modification to our debt in the Second Amendment, the Company recorded a charge to Interest expense of $2.6 million to write-off certain deferred financing fees and original issue discount and expensed approximately $0.5 million of costs incurred in connection with the refinancing. The Company had an original issue discount of $44.0 million and deferred financing fees of $16.8 million subsequent to the debt modification which will be accreted to Interest expense primarily using the effective interest method, over the life of the amended Deutsche Bank Credit Agreement. As of June 28, 2013, the weighted-average interest rate of borrowings under the amended Deutsche Bank Credit Agreement was 2.62%, excluding accretion of original issue discount, and there was $499.9 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 $572.3 million, of which $332.7 million was outstanding as of June 28, 2013.

In connection with the Second Amendment, 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 4.95 to 1.0 and a minimum interest coverage ratio, as defined therein, of 2.25 to 1.0, measured at the end of each quarter, through the year ended December 31, 2013. The minimum interest coverage ratio increases by 25 basis points each year until it reaches 3.0 to 1.0 for the year ended December 31, 2016. The maximum total leverage ratio decreases to 4.75 to 1.0 for the year ended December 31, 2014 and decreases by 25 basis points for the two subsequent fiscal years until it reaches 4.25 to 1.0 for the year ended December 31, 2016. The Deutsche Bank Credit Agreement contains various events of default, including failure to comply with such financial covenants, 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. There were no material changes to the covenants in the Second Amendment to the Deutsche Bank Credit Agreement. The Company is in compliance with all such covenants as of June 28, 2013. 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 28, 2013, we had $587.9 million of Cash and cash equivalents, an increase of $105.5 million from $482.4 million as of December 31, 2012. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

| | Six Months Ended | |
|---|---|---|
| | **June 28, 2013** | **June 29, 2012** |
| | **(In millions)** | |
| Net cash provided by (used in) operating activities | $ 85.7 | $ (31.1) |
| Purchases of fixed assets, net | (35.6) | (41.0) |
| Acquisitions, net of cash received | — | (1,661.7) |
| Net cash used in investing activities | (35.6) | (1,702.7) |
| (Repayments) proceeds from borrowings, net | (231.4) | 1,174.4 |
| Proceeds from issuance of common stock, net | 322.8 | 754.0 |
| Proceeds from issuance of preferred stock, net | — | 333.0 |
| Other uses, net | (21.4) | (46.1) |
| Net cash provided by financing activities | 70.0 | 2,215.3 |
| Effect of exchange rates on cash and cash equivalents | (14.6) | (17.7) |
| Increase in cash and cash equivalents | $ 105.5 | $ 463.8 |

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 $26.8 million and $21.1 million during the six months ended June 28, 2013 and June 29, 2012, 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 28, 2013 and June 29, 2012, cash contributions for defined benefit plans were $26.5 million and $39.2 million, respectively. The six months ended June 29, 2012 included $18.9 million of supplemental contributions to pension plans in the United Kingdom as a result of the financing of the Charter Acquisition.

- During the six months ended June 28, 2013 and June 29, 2012, cash payments of $20.8 million and $22.2 million, respectively, were made related to our restructuring initiatives. Additionally, during the six months ended June 29, 2012 cash payments of approximately $44.3 million were made for advisory, legal, valuation and other professional service fees related to the Charter Acquisition.

- 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 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 decreased our cash flows from operating activities. These fluctuations are in line with typical seasonal trends. During the six months ended June 29, 2012, net working capital increased, primarily due to an increase in inventory and receivable levels, which reduced our cash flows from operating activities.

There were significant investing activities associated with the Charter Acquisition. The cash cost of the Charter Acquisition, net of cash acquired, was approximately $1.7 billion completed in the six months ended June 29, 2012.

Cash flows from financing activities for the six months ended June 28, 2013 were impacted by the Second Amendment to the Deutsche Bank Credit Agreement further discussed above under “—Borrowing Arrangements” and the May 2013 sale of newly issued Common stock further discussed above under “—Equity Capital.” The sale of our Common stock in May 2013 generated $319.9 million cash inflows from financing activities.

Cash flows from financing activities for the six months ended June 29, 2012 were significantly impacted by the Charter Acquisition. We raised $805.0 million of cash from sales of our equity securities to BDT CF Acquisition Vehicle, LLC (the “BDT Investor”), Steven and Mitchell Rales, and Markel Corporation (“Markel”). Mitchell P. Rales, Chairman of Colfax’s Board of Directors, and his brother Steven M. Rales, were each beneficial owners of 20.9% of Colfax’s Common stock at the time of the sale. Thomas S. Gayner, a member of Colfax’s Board of Directors, is President and Chief Investment Officer of Markel. We borrowed approximately $1.8 billion of term loans, $65.8 million of which was repaid in the six months ended June 29, 2012. The additional payment of borrowings under term loans of $455 million primarily represent the repayment of borrowings under our Bank of America Credit Agreement, in conjunction with the financing of the Charter Acquisition.

Additionally, financing activities for the six months ended June 29, 2012 included $293 million raised in a primary offering of our Common stock settled in March 2012.

Our Cash and cash equivalents as of June 28, 2013 includes $298.9 million held in jurisdictions outside the U.S., which may be subject to tax penalties 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 2012 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, all of our borrowings as of June 28, 2013 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 28, 2013 would have increased Interest expense by approximately $4.1 million and $8.3 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 28, 2013, approximately 80% and 79%, respectively, 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 term A-3 and term A-4 facilities under the Deutsche Bank Credit Agreement (the “Term Loans A-3 and A-4”), provide a natural hedge to a portion of our European net asset position. See Note 8, “Debt” in our Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for additional information regarding our debt facilities. 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 Term Loans A-3 and A-4, is reflected in the Accumulated other comprehensive loss component of Equity. A 10% depreciation in major currencies, relative to the U.S. dollar as of June 28, 2013 (net of the translation effect of our Term Loans A-3 and A-4) would result in a reduction in Equity of approximately $150 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 28, 2013, we had no open commodity futures contracts.

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

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of June 28, 2013. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed in this report on Form 10-Q has been recorded, processed, summarized and reported as of the end of the period covered by this report on Form 10-Q.

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

**Changes in Internal Control over Financial Reporting**

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

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

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

### Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. There have been no material changes to the risk factors included in “Part I. Item 1A. Risk Factors” in our 2012 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**

| Exhibit No. | Exhibit Description |
|---|---|
| 3.01* | Amended and Restated Certificate of Incorporation. |
| 3.02** | Colfax Corporation Amended and Restated Bylaws. |
| 3.03*** | Amended and Restated Certificate of Designations of Series A Perpetual Convertible Preferred Stock. |
| 10.01**** | Service Agreement between Howden Group Ltd. and Ian Brander dated December 3, 2010 |
| 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 8, 2008.

*** Incorporated by reference to Exhibit 3.03 to Colfax Corporation’s Form 10-Q (File No. 001-34045) as filed with the SEC on April 25, 2013.

**** This agreement is being filed at this time due to the registrant reporting during the period covered by this report that Mr. Brander is a named executive officer of the registrant for the fiscal year ended December 31, 2012.

***** In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**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<br>Steven E. Simms | President and Chief Executive Officer<br>(Principal Executive Officer) | July 25, 2013 |
| /s/ C. SCOTT BRANNAN<br>C. Scott Brannan | Senior Vice President, Finance and<br>Chief Financial Officer<br>(Principal Financial and Accounting Officer) | July 25, 2013 |

# MANAGEMENT SERVICES CONTRACT

**DATED 3 December 2010**

**…………………**

BETWEEN

**HOWDEN GROUP LTD**

- and -

**IAN BRANDER**

---

**SERVICE AGREEMENT**

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THIS AGREEMENT is made on the 3 December 2010

BETWEEN:-

**(1)** **HOWDEN GROUP LTD** (registered in Scotland No. 472621) whose registered office is at Old Govan Road, Renfrew, PA4 8XJ (the "**Company**") and

(2) Ian Brander (the "**Executive**") of [REDACTED]

WHEREBY IT IS AGREED as follows:-

1. **Definitions**

In this Agreement:

"**Associated Company**" means Charter International PLC and any other company which is from time to time a subsidiary or a holding company of Charter International PLC or a subsidiary (other than the Company) of a holding company of the Company. In this definition "**subsidiary**" and "**holding company**" have the same meanings as in Section 736 of the Companies Act 1985, as originally enacted, and

"**the Board**" means the Board of Directors from time to time of the Company or the relevant Associated Company.

**"the Company"** means Howden Group Limited.

**Intellectual Property Rights:** patents, rights to inventions, copyright and related rights, trade marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

2. **Term of Appointment**

2.1 The Executive shall serve the Company as Chief Executive Officer or in such other capacity of a like status as the Company may require from 1 August 2011 and thereafter unless and until his employment shall be terminated by the Company giving to the Executive not less than twelve (12) months' notice in writing or by the Executive giving to the Company not less than six (6) months' notice in writing.

2.2 The Executive’s employment shall in any event terminate on the date on which the Executive reaches the age of 65 years.

3. **Powers and Duties**

3.1 The Executive shall exercise such powers and perform such duties in relation to the business of the Company or any other Associated Company as may from time to time be vested in or assigned to him by the Company. The Executive shall comply with all reasonable directions from, and all regulations of, the Company.

3.2 The Executive, who shall work such hours as may reasonably be required for the proper performance of his duties, shall devote the whole of his time, attention and abilities during those hours to carrying out his duties in a proper, loyal and efficient manner.

3.3 The Executive shall travel to such places as the Company (or any Associated Company to which he may be seconded) may from time to time require.

3.4 The Executive's normal place of work shall be at the headquarters of the company which is currently Old Govan Road, Renfrew, PA4 8XJ or at such other place within the Glasgow area as the Company may from time to time reasonably determine.

3.5 The Company shall be under no obligation to vest in or assign to the Executive any powers or duties or to provide any work for the Executive, and the Company may at any time during any period of notice as specified in clause 2.1 of this Agreement or in circumstances in which it reasonably believes that the Executive is guilty of misconduct or in breach of this Agreement in order that the circumstances giving rise to that belief may be investigated suspend the Executive from the performance of his duties or exclude him from any premises of the Company or any Associated Company during that period of suspension or exclusion. Salary and benefits will not cease to be payable by reason only of such suspension or exclusion. During any such period of suspension or exclusion the Executive shall

3.5.1 continue to be bound by the provisions of this Agreement and must continue at all times to conduct himself with good faith towards the Company and any Associated Company and not do anything which is harmful to the Company or any Associated Company;

3.5.2 if requested by the Company or any Associated Company, resign from any directorships, trusteeships or other offices which he may hold in the Company or any Associated Company or which he may hold as nominee of the Company or any Associated Company;

3.5.3 notify the Company of any change of address or contact details;

3.5.4 return all property of the Company or any Associated Company which is held by him or is under his control including without limitation all confidential information, documents, software and copies of documents and software;

3.5.5 if requested by the Company or any Associated Company, refrain from having any contact with employees, customers, clients, suppliers and professional contacts of the Company or any Associated Company except where such employees, customers, clients, suppliers and professional contacts are personal friends of the Executive and he is contacting them in a personal capacity;

3.5.6 cease to be an authorised signatory of the Company or any Associated Company or hold a power of attorney for the Company or any Associated Company; and

3.5.7 if requested by the Company, take any holiday entitlement which he has accrued during such period of suspension.

4. **Salary and Fees**

4.1 The Executive shall be paid by the Company monthly for his services during his employment a salary at the rate of £250,000 per annum or at such higher rate or rates as the Board may determine and notify to the Executive in writing. The monthly payment shall be made into the Executive's bank account on or before the fifteenth (15th) of each month in respect of that month.

4.2 On 1 April 2012 and thereafter at least once in each 12 months on or before the 1st April annually the Company shall review, but shall not be obliged to increase, the salary payable under this Agreement.

4.3 The Executive shall not be entitled to any other salary or fees as an ordinary or executive director or employee of the Company or any Associated Company and the Executive shall, as the Company may direct, either waive his right to any such salary or fees or account for the same to the Company.

4.4 Any sums payable under this Agreement, including without limitation clauses 4, 5 and 6, shall be paid less any necessary withholdings.

5. **Pensions and Life Assurance**

5.1 The Executive may participate in the Howden Group Stakeholder Scheme subject to the rules of that scheme as in force from time to time, a copy of which is available for inspection at the Global Human Resources Director's office at any time upon reasonable notice. The Executive's normal retirement age will be at 65.

5.2 In addition, the Executive will be eligible for Life Assurance of 4 times basic salary. This benefit will be provided by an Insurer and the Executive's rights are subject to the terms of this policy which may vary from time to time. Details of the policy are available from the Global Human Resources Director's office at any time upon reasonable notice. The Company shall not be liable to the Executive for any decision, action or omission of the Insurer in relation to such benefit.

6. **Benefits**

6.1 Subject to the Executive being qualified to drive, the Company shall provide for the Executive either a Category 10 car, in accordance with company policy, or a cash supplement of £12,000 per annum in lieu of a company car. The supplement will be added to the Executive's monthly gross salary and will be subject to tax and National Insurance. The supplement will not be included in pensionable pay, or used to calculate any other benefits. If he opts for the supplement, the Executive will be expected to provide his own vehicle for company use at his own expense. To compensate for the cost of using his own car on company business, the Executive will be provided with a fuel card to cover the cost of private fuel and business fuel and oil. The Executive will be responsible for his own running costs of the car including maintenance and appropriate insurance etc.

6.2 The Executive and his family shall be entitled to membership of the Company's private health insurance scheme, subject to the terms of that scheme and of any related policy of insurance as in force from time to time. The current scheme is provided by BUPA.

6.3 In addition, periodic medical examinations will also be made available for the Executive only in accordance with those provided to other Company executives.

6.4 The Executive shall be entitled to participate in such bonus scheme for persons of his status as the Company may have from time to time. Bonuses are wholly discretionary and shall be of such amounts as may be determined in accordance with the terms of such scheme from time to time. The Company may at its discretion end or amend any bonus scheme.

7. **Expenses**

The Company shall reimburse to the Executive subject to compliance with the Company's expenses policy from time to time all reasonable travelling, hotel, entertainment and other out-of-pocket expenses, which he may from time to time be authorised to incur in the execution of his duties hereunder.

8. **Holidays**

Inclusive of bank and other public holidays, the Executive will be entitled to 33 days paid holiday in every calendar year to be taken at such time or times as may be approved by the Board. Holidays not taken in the calendar year of entitlement will be lost.

9. **Confidential Information etc**

The Executive shall not, either during his employment or thereafter, use to the detriment or prejudice of the Company or any Associated Company or, except in the proper course of his duties, divulge to any person any trade secret or any other confidential information concerning the business or affairs of the Company or any Associated Company which may have come to his knowledge during his employment.

10. **Competitive Activities**

During his employment the Executive shall not (unless otherwise agreed in writing by the Company) undertake any other business or profession or be or become an employee or agent of any other firm, company or any other person or assist or have any financial interest in any other business or profession. The Executive may, however, hold or acquire by way of bona fide investment only shares or other securities of any company which are listed or dealt in on any recognised Stock Exchange, unless the Company shall require him not to do so in any particular case on the ground that such other company is or may be carrying on a business competing or tending to compete with the business of the Company or any Associated Company. For this purpose, the Executive shall advise the Company Secretary of Charter International PLC of any shares or other securities which he intends to acquire before doing so.

11. **Post-termination Restrictions**

A. In this Clause 11:

(i) "Restricted Business" means the business of the Company at the time of the termination of the Executive's employment and of any Associated Companies in whose business he has been directly involved in the twelve months prior to the termination of the Executive's employment;

(ii) "Restricted Customer" means any firm, company or other person who, during the period of twelve months ending on the date of the termination of the Executive's employment, was a customer of or in the habit of dealing with the Company or any Associated Company and with whom the Executive had contact or about whom he became aware or informed in the course of his employment;

(iii) "Restricted Employee" means any person who, at the date of the termination of the Executive's employment, was employed by the Company or any Associated Company at the level of an executive director and/or any employee who reported directly to an executive director and/or any other employee who could materially damage the interests of the Company or any Associated Company if he became employed in any business concern in competition with any Restricted Business;

(iv) "Restriction Date" means the earlier of the date of termination of this Agreement and the start of any Suspension Period; and

(v) "Suspension Period" means any period of suspension or exclusion during the Executive's notice period pursuant to Clause 3.5 which ended within one month of the termination of this Agreement.

B. The Executive will not, for a period of 12 months after the Restriction Date, solicit or endeavour to entice away from the Company or any Associated Company the business or custom of a Restricted Customer with a view to providing goods or services to that Restricted Customer in material competition with any Restricted Business.

C. The Executive will not, for a period of 12 months after the Restriction Date, provide goods or services to or otherwise have any business dealings with any Restricted Customer in the course of any business concern which is in material competition with any Restricted Business.

D. The Executive will not, for a period of 12 months after the Restriction Date, in the course of any business concern which is in competition with any Restricted Business offer employment to or otherwise endeavour to entice away from the Company or any Associated Company any Restricted Employee.

E. The Executive will not, for a period of 12 months after the Restriction Date, be engaged in or concerned in any capacity in any business concern which is in material competition with any Restricted Business.

This sub - clause E shall not restrain the Executive from being engaged or concerned in any business concern in so far as the Executive's duties or work shall relate solely:-

(i) to geographical areas where the business concern is not in competition with the Restricted Business; or

(ii) to services or activities of a kind with which the Executive was not concerned to a material extent during the period of 12 months ending on the Restriction Date.

F. The obligations imposed on the Executive by this clause 11 extend to him acting not only on his own account but also on behalf of any other firm, company or other person and shall apply whether he acts directly or indirectly.

G. If so required by the Company, the Executive shall enter into restrictions the same as or (subject to the requirements of local law) substantially similar to those set out in this clause 11, for the benefit of any Associated Company to which the Executive may be seconded by the Company.

12. **Return of Property etc**

The Executive shall promptly whenever requested by the Company and in any event upon the termination of his employment deliver up to the Company all lists of clients or customers, correspondence and all other documents, papers and records (including, without limitation, any records stored by electronic means, together with any codes or implements necessary to give full access to such records) which may have been prepared by him or have come into his possession, custody or control in the course of his employment, and the Executive shall not be entitled to and shall not retain any copies thereof. Title and copyright therein shall vest in the Company. The Executive shall also at the time return any other property belonging to the Company or any Associated Company.

13. **Intellectual Property**

The Executive acknowledges that all Intellectual Property Rights created either wholly or partially by the Executive in the course of his employment with the Company (whether or not during working hours or using Company premises or resources) and all materials embodying them ("Employment IPR") shall automatically belong to the Company to the fullest extent permitted by law. To the extent that they do not vest in the Company automatically, the Executive holds them on trust for the Company.

13.2 The Executive acknowledges that, because of the nature of his duties and the particular responsibilities arising from the nature of his duties, he has, and shall have at all times while he is employed by the Company, a special obligation to further the interests of the Company.

13.3 To the extent that legal title in any Intellectual Property Rights does not vest in the Company by virtue of Clause 13.1, the Employee agrees, immediately upon creation of such Intellectual Property Rights, to offer to the Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company receiving the offer, the Company shall refer the dispute to an arbitrator who shall be appointed by the President of the Law Society for Scotland. The arbitrator's decisions shall be final and binding on the parties, and the costs of arbitration shall be borne equally by the parties. The Employee agrees that the provisions of this Clause 13 shall apply to all Intellectual Property Rights offered to the Company under this Clause 13.3 until such time as the Company has agreed in writing that the Executive may offer them for sale to a third party.

13.4 The Executive agrees:

13.4.1 to give the Company full written details of all Intellectual Property Rights which relate to or are capable of being used in the business of the Company or any Associated Company promptly on their creation;

13.4.2 at the Company's request and in any event on the termination of his employment to give to the Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPR;

13.4.3 not to attempt to register any Employment IPR unless requested to do so by the Company; and

13.5 The Executive waives all his present and future moral rights which arise under the Copyright Designs and Patents Act 1988, and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs, and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works.

13.6 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this agreement is or may become due to the Executive in respect of his compliance with this clause. This clause is without prejudice to the Employee's rights under the Patents Act 1977.

13.7 The Executive undertakes to use his best endeavours to execute all documents and do all acts both during and after his employment by the Company as may, in the opinion of the Company, be necessary or desirable to vest the Employment IPRs in the Company, to register them in the name of the Company or any Associated Company and to protect and maintain the Employment IPRs. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse the Executive's reasonable expenses of complying with this Clause 13.7.

13.8 The Executive agrees to give all necessary assistance to the Company to enable it to enforce its Intellectual Property Rights against third parties, to defend claims for infringement of third party Intellectual Property Rights and to apply for registration of Intellectual Property Rights, where appropriate throughout the world, and for the full term of those rights.

13.9 The Executive hereby irrevocably appoints the Company to be his attorney to execute and do any such instrument or thing and generally to use his name for the purpose of giving the Company or its nominee the benefit of this Clause 13. The Executive acknowledges in favour of a third party that a certificate in writing signed by any Director of the Company that any instrument or act falls within the authority conferred by this Clause 13 shall be conclusive evidence that such is the case.

13.10 Rights and obligations under this Clause 13 shall continue in force after the termination of the Executive's employment in respect of inventions made during the Executive's appointment hereunder and shall be binding upon his personal representatives.

14. **Sickness**

Subject to production, if requested, of medical certificates satisfactory to the Company, if the Executive is absent from work due to sickness or injury salary and other benefits shall continue to be payable for a period of six consecutive months or for periods totaling six months in aggregate in any period of twelve consecutive months, whichever occurs first. The Executive currently has the benefit if a critical illness policy. This will continue as a non-contractual benefit, although it will be “red circled” (ie frozen) at the current salary level of £174,188.

15. **Termination of Employment**

15.1Either party may terminate the Employment in accordance with clause 2.1. Without prejudice to the remainder of this clause 15 the Company may also, in its sole discretion, elect at anytime to terminate the Employment in accordance with clause 15.2.

15.2.1 The Company may terminate the Executive’s employment by giving written notice to the Executive that it is exercising its rights under this clause 15.2 and electing to make up to 12 Monthly Payments (as defined below) to the Executive. In the event that notice under clause 2.1 has been given before the Company makes any election under this clause 15.2, and the Executive has worked part of that notice period, the maximum number of Monthly Payments shall be reduced pro rata. The Monthly Payments shall commence on the date such notice is given to the Executive or such date thereafter as the Company shall determine and the Executive’s employment under this Agreement shall cease on that day (the “Commencement Date”).

15.2.2 Each Monthly Payment shall be calculated by dividing the Executive’s basic salary at the date notice is given by twelve, and shall be paid on a monthly basis subject to such deductions as may be required by law and in accordance with clause 15.2.5 below.

15.2.3 The Company may either continue the provision of the benefits which the Executive would otherwise have been entitled to receive during his notice period or, at its sole discretion, pay to the Executive the value of those benefits calculated on a monthly basis and paid either in a single lump sum or monthly in addition to the Monthly Payments.

15.2.4 The Executive shall be under a duty, beginning on the Commencement Date, actively to seek an alternative remunerated position (defined below) and shall also be required to keep the Company informed in relation to his search on a monthly basis.

15.2.5 If the Executive obtains an alternative remunerated position during the period for payment of the Monthly Payments then

(i) each of the Monthly Payments still outstanding shall be reduced by the basic monthly remuneration earned by the Executive, or to which he is entitled, from the alternative remunerated position, and only the balance shall be due to the Executive;

(ii) any benefits provided by the Company (or their value paid in lieu) which are provided by the alternative position (whether or not on an equal or equivalent basis) shall cease.

“Alternative remunerated position” shall mean any position whether under a contract of employment, consultancy arrangement or non executive appointment or otherwise whereby the Executive is directly or indirectly remunerated, whether by way of salary, bonus, pension, fees, equity or otherwise.

15.2.6 The Executive acknowledges that he will not be an employee of the Company while in receipt of the Monthly Payments and accordingly will not be entitled to paid holidays or to receive any holiday pay in respect of that period.

15.3 If the Executive:-

(A) shall be or become incapacitated from any cause whatsoever from efficiently performing his duties hereunder for six consecutive months or periods of six months in aggregate in any period of twelve consecutive months; or

(B) shall have an order under Section 252 of the Insolvency Act 1986 made in respect of him or if an interim receiver of his property is appointed under Section 286 of that Act; or

(C) shall be or become prohibited by law from being a director; or

(D) shall be guilty of serious misconduct or shall commit any serious or persistent breach of any of his obligations to the Company or any Associated Company (whether under this Agreement or otherwise); or

(E) shall refuse or neglect (after a request to do so) to comply with any lawful and reasonable orders given to him by the Company;

then the Company shall be entitled by notice in writing to the Executive to terminate forthwith his employment under this Agreement. The Executive shall have no claim against the Company or any Associated Company by reason of such termination.

15.4 Any delay or forbearance by the Company in exercising any right of termination shall not constitute a waiver of it.

16. **Miscellaneous Matters**

16.1 Without prejudice to the disciplinary rules in force in relation to employees the Executive is expected at all times to conduct himself in a manner consistent with his senior status.

16.2 If the Executive is dissatisfied with any disciplinary decision or has a grievance relating to his employment he should apply in person to the Chief Executive of the Company setting out full details of the matter. The Chief Executive of the Company will then determine whether he will personally hear the grievance or nominate another Senior Executive to hear the grievance. The decision of the Chief Executive of the Company, or his nominee, on such matter shall be final but without prejudice to the Executive's legal rights under employment law.

16.3 There are no collective agreements which directly affect the terms and conditions set out in this Agreement.

16.4 The start date for the Executive's continuous employment with the company was 1st August 1983.

17. **Notices**

Any notice may be given personally to the Executive or to the Secretary of the Company (as the case may be) or may be posted to the Company (for the attention of its Secretary) at its registered office for the time being or to the Executive at his last known address. Any such notice sent by post shall be deemed served forty-eight hours after it is posted and in proving such service it shall be sufficient to prove that the notice was properly addressed and put in the post.

18. **Deductions**

The Executive authorises the Company to deduct from his remuneration on termination of his employment or otherwise (including but not limited to salary, pay in lieu of notice, holiday and sick pay) all debts owed by him to the Company or any Associated Company.

19. **Other Agreements**

The Executive acknowledges and warrants that there are no agreements or arrangements whether written, oral or implied between the Company or any Associated Company and the Executive relating to the employment of the Executive other than those expressly set out in this Agreement and that he is not entering into this Agreement in reliance on any representation not expressly set out herein. This Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether written or oral, between Company (and any entity related to Company) and Executive, relating in any way to Executive's employment, termination of that employment and/or other transaction contemplated by the Agreement, and may only be changed in writing signed by both Company and Executive.

20. **Proper Law**

This Agreement shall be interpreted and enforced in accordance with the laws of England.

21. **Data Protection**

21.1 The Executive confirms he has read and understood the Company's data protection policy, a copy of which is contained in the Employee Handbook. The Company may change its data protection policy at any time and will notify employees in writing of any changes.

21.2 The Executive shall comply with the data protection policy when processing personal data in the course of employment including personal data relating to any employee, customer, client, supplier or agent of the Company or any Associated Company.

21.3 The Executive consents to the Company or any Associated Company processing data relating to the Executive for legal, personnel, administrative and management purposes and in particular to the processing of any **sensitive personal data** (as defined in the Data Protection Act 1998) relating to the Executive, including, as appropriate:

21.3.1 information about the Executive's physical or mental health or condition in order to monitor sick leave and take decisions as to the Executive's fitness for work;

21.3.2 the Executive's racial or ethnic origin or religious or similar information in order to monitor compliance with equal opportunities legislation;

21.3.3 information relating to any criminal proceedings in which the Executive has been involved for insurance purposes and in order to comply with legal requirements and obligations to third parties; and

21.4 The Company may make such information available to any Group Company, those who provide products or services to the Company or any Group Company (such as advisers and payroll administrators), regulatory authorities, potential or future employers, governmental or quasi-governmental organisations and potential purchasers of the Company or the business in which the Executive works.

21.5 The Employee consents to the transfer of such information to any Group Company and the Company's or any Group Company's business contacts outside the European Economic Area.

22. **Communications**

Telephone calls made and received by the Executive using the Company’s equipment and use of the Company’s e-mail system to send or receive personal correspondence may be recorded by the Company on its communications systems for the purpose of ensuring that the Company’s rules are being complied with and for legitimate business purposes. Any recordings made shall at all times remain the property of the Company and, if necessary, will be used as evidence in the case of disputes with employees or clients.

IN WITNESS whereof this Agreement has been signed by or on behalf of the parties hereto the day and year first before written.

SIGNED by

on behalf of the Company ) /s/

in the presence of:- ) /s/

SIGNED by the Executive ) /s/ Ian Brander

in the presence of:- ) /s/ Donna Malone

**Exhibit 31.01**

## 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, 2013

/s/ Steven E. Simms

**Steven E. Simms**
**President and Chief Executive Officer**
**(Principal Executive Officer)**

**Exhibit 31.02**

**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, 2013

/s/ C. Scott Brannan

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

**Exhibit 32.01**

**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 28, 2013 (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, 2013

/s/ Steven E. Simms

**Steven E. Simms**
**President and Chief Executive Officer**
**(Principal Executive Officer)**

**Exhibit 32.02**

**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 28, 2013 (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, 2013

/s/ C. Scott Brannan

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