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

Form 10-K

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

For the fiscal year ended December 31, 2015

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 No. 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)*
420 National Business Parkway, 5th Floor Annapolis Junction, Maryland	**20701**
(Address of principal executive offices)	*(Zip Code)*

301-323-9000
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $0.001 per share	The New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes ☐ No ☑

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 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 ☑

The aggregate market value of common shares held by non-affiliates of the Registrant on June 26, 2015 was $4.172 billion based upon the aggregate price of the registrant's common shares as quoted on the New York Stock Exchange composite tape on such date.

As of February 2, 2016, the number of shares of the Registrant's common stock outstanding was 122,746,447.

EXHIBIT INDEX APPEARS ON PAGE

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DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the Registrant's definitive proxy statement for its 2016 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year covered by this report. With the exception of the sections of the 2016 Proxy Statement specifically incorporated herein by reference, the 2016 Proxy Statement is not deemed to be filed as part of this Form 10-K.

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Unless otherwise indicated, references in this Annual Report on Form 10-K (this “Form 10-K”) to “Colfax,” “the Company,” “we,” “our,” and “us” refer to Colfax Corporation and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- changes in the general economy, as well as the cyclical nature of the markets we serve;
- a significant or sustained decline in commodity prices, including oil;
- our ability to identify, finance, acquire and successfully integrate attractive acquisition targets;
- our exposure to unanticipated liabilities resulting from acquisitions;
- our ability and the ability of our customers to access required capital at a reasonable cost;
- our ability to accurately estimate the cost of or realize savings from our restructuring programs;
- the amount of and our ability to estimate our asbestos-related liabilities;
- the solvency of our insurers and the likelihood of their payment for asbestos-related costs;
- material disruptions at any of our manufacturing facilities;
- noncompliance with various laws and regulations associated with our international operations, including anti-bribery laws, export control regulations and sanctions and embargoes;
- risks associated with our international operations;
- risks associated with the representation of our employees by trade unions and work councils;
- our exposure to product liability claims;
- potential costs and liabilities associated with environmental, health and safety laws and regulations;
- failure to maintain, protect and defend our intellectual property rights;
- the loss of key members of our leadership team;

- restrictions in our credit agreement entered into on June 5, 2015 by and among the Company, as the borrower, certain U.S. subsidiaries of the Company identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator (the "2015 Deutsche Bank Credit Agreement") that may limit our flexibility in operating our business;

- impairment in the value of intangible assets;

- the funding requirements or obligations of our defined benefit pension plans and other post-retirement benefit plans;

- significant movements in foreign currency exchange rates;

- availability and cost of raw materials, parts and components used in our products;

- new regulations and customer preferences reflecting an increased focus on environmental, social and governance issues, including new regulations related to the use of conflict minerals;

- service interruptions, data corruption, cyber-based attacks or network security breaches affecting our information technology infrastructure;

- risks arising from changes in technology;

- the competitive environment in our industry;

- changes in our tax rates or exposure to additional income tax liabilities;

- our ability to manage and grow our business and execution of our business and growth strategies;

- the level of capital investment and expenditures by our customers in our strategic markets;

- our financial performance; and

- other risks and factors, listed in Item 1A. "Risk Factors" in Part I of this 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-K 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 Item 1A. "Risk Factors" in Part I of this Form 10-K for a further discussion regarding some of the factors that may cause actual results to differ materially from those that we anticipate.

PART I

Item 1. *Business*

General

Colfax Corporation is a diversified global industrial manufacturing and engineering company that provides gas- and fluid-handling and fabrication technology products and services to commercial and governmental customers around the world under the Howden, ESAB and Colfax Fluid Handling brand names. Our business has been built through a series of acquisitions, as well as organic growth, since its founding in 1995. We seek to build an enduring premier global enterprise by applying the Colfax Business System ("CBS") to pursue growth in revenues and improvements in operating margins and cash flow.

Colfax began with a series of acquisitions in the fluid-handling and mechanical power transmission sectors, most notably those of Imo and Allweiler in 1997 and 1998, respectively. In 2004, we divested our mechanical power transmission operations and focused on fluid handling. Through the end of 2011, we made a series of strategic acquisitions in this sector, including: Lubrication Systems Company ("LSC"), PD-Technik Ingenieurbüro GmbH ("PD-Technik"), Rosscor Holding B.V. ("Rosscor") and COT-Puritech, Inc. ("COT-Puritech").

On January 13, 2012, we closed the acquisition of Charter International plc (“Charter”) (the “Charter Acquisition”), which transformed Colfax from a fluid-handling business into a multi-platform enterprise with a broad global footprint. This acquisition provided an additional growth platform in the fragmented fabrication technology industry, while broadening the scope of our fluid-handling platform to include air- and gas-handling products.

Following the Charter Acquisition, and during the most recent three year period, we completed the following additional acquisitions that we expect will grow and strengthen our business:

Gas and Fluid Handling

In July 2013, we acquired Clarus Fluid Intelligence, LLC (“Clarus”), a domestic supplier of flushing services for marine applications primarily to U.S. government agencies, with primary operations in Bellingham, Washington.

In September 2013, we acquired certain business units of The New York Blower Company, including TLT-Babcock Inc. (“TLT-Babcock”) and Alphair Ventilating Systems Inc. (“Alphair”), suppliers of heavy duty and industrial fans in Akron, Ohio and Winnipeg, Manitoba, respectively.

In November 2013, we acquired ČKD Kompresory a.s. (“ČKDK”), a leading supplier of multi-stage centrifugal compressors to the oil & gas, petrochemical, power and steel industries, based in Prague, Czech Republic.

In November 2013, we acquired the remaining ownership of Sistemas Centrales de Lubrication S.A. de C.V. (“Sicelub”), previously a less than wholly owned subsidiary in which the Company did not have a controlling interest. Sicelub provides flushing services to Central and South American customers primarily in the oil, gas and petrochemical end market.

In November 2013, we acquired the global infrastructure and industry division of Fläkt Woods Group (“GII”), an international supplier of heavy duty industrial and cooling fans.

In May 2014, we acquired the remaining ownership of Howden Thomassen Middle East FCZO (“Howden Middle East”), increasing our ownership from 90% to 100%.

In June 2015, we acquired the Roots™ blowers and compressors business unit (“Roots”), also known as Industrial Air & Gas Technologies, from GE Oil & Gas. Roots is a leading supplier of blower and compressor technologies, which service a broad range of end markets.

In October 2015, we acquired Simsmart Technologies, Inc. (“Simsmart”). Simsmart provides a software product that controls ventilation conditions and increases fan efficiency.

Fabrication Technology

In April 2014, we acquired Victor Technologies Holdings, Inc. (“Victor”), a global manufacturer of cutting, gas control and specialty welding solutions (the “Victor Acquisition”).

In July 2014, we acquired the remaining ownership of ESAB-SVEL (“Svel”), increasing our ownership from 51% to 100%.

We employ a comprehensive set of tools that we refer to as 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.

Each year, Colfax associates in every business are asked to develop aggressive strategic plans which are based on the *Voice of the Customer*. In these plans, we are very clear about our market realities, our threats, our risks, our opportunities and most importantly, our vision forward. Execution and measurement of our plans is important to the process. Our belief is that when we use the tools of CBS to drive the implementation of these plans, we are able to uniquely provide the customer with the world class quality, delivery, cost and growth they require. And that performance, we believe, is what ultimately helps our customers and Colfax grow and succeed on a sustainable basis.

Reportable Segments

We report our operations through the gas- and fluid-handling and fabrication technology segments. For certain financial information, including Net sales and long-lived assets by geographic area, see Note 16, "Segment Information" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K.

Gas and Fluid Handling

Our gas- and fluid-handling segment is a global supplier of a broad range of products, including heavy-duty centrifugal and axial fans, rotary heat exchangers, gas compressors, pumps, fluid-handling systems and controls and specialty valves, which serves customers in the power generation, oil, gas and petrochemical, mining, marine (including defense) and general industrial and other end markets.

Our gas-handling products are principally marketed under the Howden brand name, and are manufactured and engineered in facilities located in Asia, Europe, North and South America, Australia and Africa. Our fluid-handling products are marketed by Colfax Fluid Handling under a portfolio of brands including Allweiler and Imo. We manufacture and assemble our fluid-handling products at locations in Europe, North America and Asia.

Our gas- and fluid-handling products and services are generally sold directly, though independent representatives and distributors are also used.

Fans

Howden fans primarily consist of heavy-duty axial, centrifugal and industrial cooling fans. Axial fans include non-variable pitch, variable pitch, OEM and mixed flow axial fans. Centrifugal fans consist of custom engineered, pre-engineered and OEM centrifugal fans. Ranging in diameter from 200mm to over 5m, and with a variety of impeller designs, control systems and layout options, our comprehensive series of axial and centrifugal fans satisfy virtually all industrial applications. Howden industrial cooling fans are designed for cooling towers, heat exchangers and steam condensers. They range in size from fans for packaged cooling systems to fans up to 25m diameter for cooling towers. Each of our cooling fan designs has its own unique characteristics in terms of efficiency, noise levels and application. We have developed our cooling fans over the last 50 years, and we believe that we offer the most reliable and quietest cooling fans available. We have fans operating in over 90 countries in a wide range of applications and uses that require the movement of large volumes of air in harsh applications, including the world's largest power stations and latest high-speed locomotives. We believe that the experience gained from our wide range of applications is beneficial to our global engineers in meeting customer specifications.

Compressors

Howden process compressors and complete compressor packages are used in the petroleum, petrochemical, refrigeration and other markets where performance and reliability are crucial. Our product line includes screw, piston (reciprocating) diaphragm and multi-stage centrifugal process gas compressors as well as highly efficient turbo blowers capable of the most demanding end market conditions. Howden designed and supplied the first diaphragm compressor and was the first company to commercialize screw compressor technology.

Rotary Heat Exchangers

Rotary regenerative heat exchangers provide a compact, cost effective and reliable solution for heat recovery in power plant and flue gas desulfurization systems. With over 80 years of experience, Howden supplies highly efficient and reliable air preheaters for power boiler applications, rotary regenerative heat exchangers and replacement element baskets for rotary regenerative heat exchangers.

Pumps

Rotary Positive Displacement Pumps - We believe that we are a leading manufacturer of rotary positive displacement pumps with a broad product portfolio and globally recognized brands. Rotary positive displacement pumps consist of a casing containing screws, gears, vanes or similar components that are actuated by the relative rotation of that component to the casing, which results in the physical movement of the liquid from the inlet to the discharge at a constant rate. Positive displacement pumps generally offer precise, quiet and highly efficient transport of viscous fluids.

Specialty Centrifugal Pumps - Centrifugal pumps use the kinetic energy imparted by rotating an impeller inside a configured casing to create pressure. While traditionally used to transport large quantities of thin liquids, our centrifugal pumps use specialty designs and materials to offer customers high quality, reliability and customized solutions for a wide range of viscosities, temperatures and applications. We position our specialty centrifugal pumps for applications where customers clearly recognize our brand value or in markets where centrifugal and rotary pumps are complimentary.

Fluid-Handling Systems

We manufacture complete fluid-handling systems used primarily in the oil and gas, power generation, commercial marine and global defense markets. We offer turnkey systems and support, including design, manufacture, installation, commission and service. Our systems include:

- lubrication systems, which are used in rotating equipment in oil refineries and other process industries;
- custom designed packages used in crude oil pipeline applications;
- lubrication and fuel forwarding systems used in power generation turbines; and
- complete packages for commercial marine engine rooms.

Specialty Valves

Our specialty valves are used primarily in naval applications. Our valve business has specialized machining, welding and fabrication capabilities that enable us to serve as a supplier to the U.S. Navy. In addition to designing and manufacturing valves, we also offer repair and retrofit services for products manufactured by other valve suppliers through our aftermarket support centers located in Virginia Beach, Virginia and San Diego, California.

Reliability Services

Our reliability services offering provides lubrication system equipment and services to customers in end markets where lubrication system performance is critical, including: petroleum refining, petrochemical production, natural gas transmission, power generation, and military and commercial marine vessels. Our products include LubriMist® oil mist generators, Mistlock™ bearing lubrication cartridges and ThermoJet® oil purifiers. Our services include high velocity oil flushing, leakage oil reclamation and condition monitoring. We sell lubrication equipment globally, and provide reliability services primarily in North and South America.

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. For the year ended December 31, 2015, welding consumables represented approximately 37% of our total Net sales. Our fabrication technology products are marketed under several brand names, most notably ESAB and Victor, which we believe are well known in the international welding industry. ESAB's comprehensive range of welding consumables includes electrodes, cored and solid wires and fluxes. ESAB's fabrication technology equipment ranges from portable welding machines to large customized automated cutting and welding systems. The Victor Acquisition complemented the geographic footprint of our fabrication technology segment and expanded our cutting equipment and consumables, gas control and specialty welding product lines. Products are sold into a wide range of end markets, including oil & gas, power generation, wind power, shipbuilding, pipelines, mobile/off-highway equipment and mining.

Many of our fabrication technology manufacturing facilities are located in low cost locations, in particular Central and Eastern Europe, South America and Asia. Our fabrication technology products are sold both through independent distributors and direct salespeople, depending on geography and end market.

The following discussions of *Industry and Competition*, *International Operations*, *Research and Development*, *Intellectual Property*, *Raw Materials* and *Backlog*, *Seasonality*, *Working Capital*, *Associates* and *Company Information and Access to SEC Reports* include information that is common to both of our reportable segments, unless indicated otherwise.

Industry and Competition

Our products and services are marketed worldwide. The markets served by our gas- and fluid-handling segment are highly fragmented and competitive. Because we compete in selected niches of these markets and due to the diversity of our products and services, no single company competes directly with us across all of our markets. We encounter a wide variety of competitors that differ by product line, including well-established regional competitors, competitors who are more specialized than we are in particular markets, as well as larger companies or divisions of companies that are larger than we are. The markets that our fabrication technology segment competes in are also served by the welding segments of Lincoln Electric and Illinois Tool Works, Inc.

Our customer base is broadly diversified across many sectors of the economy, and we believe customers place a premium on quality, reliability, availability, design and application engineering support. We believe the principal elements of competition in our served markets are the technical ability to meet customer specifications, product quality and reliability, brand names, price, application expertise and engineering capabilities and timely delivery and strong aftermarket support. Our management believes that we are a leading competitor in each of our markets.

Additionally, we utilize CBS to continuously improve our business. CBS is our business system designed to drive a culture of continuous improvement in all aspects of our operations and strategic planning. We believe that our management team's access to and experience in the application of the CBS methodology is one of our primary competitive strengths.

International Operations

Our products and services are available worldwide. We believe this geographic diversity allows us to draw on the skills of a worldwide workforce, provides stability to our operations, allows us to drive economies of scale, provides revenue streams that may offset economic trends in individual economies and offers us an opportunity to access new markets for products. In addition, we believe that our exposure to developing economies will provide additional opportunities for growth in the future. Our principal markets outside the U.S. are in Europe, Asia, the Middle East and South America, and for the year ended December 31, 2015, approximately 45% of our Net sales were shipped to locations in emerging markets.

Our international operations subject us to certain risks. See Item 1A. "Risk Factors—Risks Related to Our Business—The majority of our sales are derived from international operations. We are subject to specific risks associated with international operations."

Research and Development

Our research and development activities vary by operating segment. We closely integrate research and development with marketing, manufacturing and product engineering in meeting the needs of our customers. Our research and development efforts focus on innovation and developing new product applications, lowering the cost of manufacturing our existing products and redesigning existing product lines to increase efficiency and enhance performance. Our business product engineering teams are continuously enhancing our existing products and developing new product applications for our growing base of customers that require custom solutions. We believe these capabilities provide a significant competitive advantage in the development of high quality products.

Research and development expense was $41.5 million, $43.0 million and $27.4 million in 2015, 2014 and 2013, respectively. We expect to continue making significant expenditures for research and development in order to maintain and improve our competitive position.

Intellectual Property

We rely on a combination of intellectual property rights, including patents, trademarks, copyrights, trade secrets and contractual provisions to protect our intellectual property. Although we highlight recent additions to our patent portfolio as part of our marketing efforts, we do not consider any one patent or trademark or any group thereof essential to our business as a whole or to any of our business operations. We also rely on proprietary product knowledge and manufacturing processes in our operations.

Raw Materials and Backlog

We obtain raw materials, component parts and supplies from a variety of sources, generally each from more than one supplier. Our principal raw materials are metals, castings, motors, seals and bearings. Our suppliers and sources of raw materials are globally based. We believe that our sources of raw materials are adequate for our needs for the foreseeable future and the loss of any one supplier would not have a material adverse effect on our business or results of operations.

Manufacturing turnaround time for our gas- and fluid-handling operating segment is generally sufficiently short to allow us to manufacture to order for most of our products, which helps to limit inventory levels. Backlog generally is a function of requested customer delivery dates and may range from days to several years. Backlog of gas- and fluid-handling orders as of December 31, 2015 was $1.1 billion, compared with $1.4 billion as of December 31, 2014. A substantial majority of the gas- and fluid-handling order backlog as of December 31, 2015 is expected to be filled within the current fiscal year.

Seasonality

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

Working Capital

We maintain an adequate level of working capital to support our business needs. There are no unusual industry practices or requirements related to working capital items.

Associates

The following table presents our worldwide associate base as of the dates indicated:

	December 31,		
	2015	2014	2013
North America	3,451	3,340	2,667
Europe	5,969	6,415	6,761
Asia and Middle East	4,131	4,696	4,722
Central and South America	2,991	3,255	2,963
Other	545	645	646
Total associates	17,087	18,351	17,759

Approximately 2% of associates are covered by collective bargaining agreements with U.S. trade unions. In addition, approximately 41% of our associates are represented by foreign trade unions and work councils in Europe, Asia, Central and South America, Canada, Africa and Australia, which subjects us to arrangements very similar to collective bargaining agreements. We have not experienced any work stoppages or strikes that have had a material adverse impact on operations. We consider our relations with our associates to be good.

Company Information and Access to SEC Reports

We were organized as a Delaware corporation in 1998. Our principal executive offices are located at 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701, and our main telephone number at that address is (301) 323-9000. Our corporate website address is www.colfaxcorp.com.

We make available, free of charge through our website, our annual and quarterly reports on Form 10-K and Form 10-Q (including related filings in XBRL format), current reports on Form 8-K and any amendments to those reports as soon as practicable after filing or furnishing the material to the SEC. You may also request a copy of these filings, at no cost, by writing or telephoning us at: Investor Relations, Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701, telephone (301) 323-9000. Information contained on our website is not incorporated by reference in this report.

Item 1A. ***Risk Factors***

An investment in our Common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but may not be the only risks to which Colfax might be exposed. Additional risks and uncertainties, which are currently unknown to us or that we do not currently consider to be material, may materially affect the business of Colfax and could have material adverse effects on our business, financial condition and results of operations. If any of the following risks were to occur, our business, financial condition and results of operations could be materially adversely affected, the value of our Common stock could decline and investors could lose all or part of the value of their investment in Colfax shares. Our business is also subject to general risks and uncertainties that affect many other companies, such as overall U.S. and non-U.S. economic and industry conditions, a global economic slowdown, geopolitical events, changes in laws or accounting rules, fluctuations in interest rates, terrorism, international conflicts, natural disasters or other disruptions of expected economic or business conditions. We operate in a continually changing business environment, and new risk factors emerge from time to time which we cannot predict. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, including our results of operations, liquidity and financial condition.

Risks Related to Our Business

Changes in the general economy and the cyclical nature of the markets that we serve could negatively impact the demand for our products and services and harm our operations and financial performance.

Colfax's financial performance depends, in large part, on conditions in the markets we serve and on the general condition of the global economy, which impacts these markets. Any sustained weakness in demand for our products and services resulting from a downturn of or uncertainty in the global economy could reduce our sales and profitability.

In addition, we believe that many of our customers and suppliers are reliant on liquidity from global credit markets and, in some cases, require external financing to purchase products or finance operations. If our customers lack liquidity or are unable to access the credit markets, it may impact customer demand for our products and services and we may not be able to collect amounts owed to us.

Further, our products are sold in many industries, some of which are cyclical and may experience periodic downturns. Cyclical weakness in the industries that we serve could lead to reduced demand for our products and affect our profitability and financial performance.

The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

A continued significant or sustained decline in commodity prices, including oil, has and could continue to negatively impact the levels of capital investment and maintenance expenditures by certain of our customers, which in turn has and could continue to reduce the demand for our products and services and harm our operations and financial performance.

Demand for our products and services depends, in part, on the level of new capital investment and planned maintenance expenditures by certain of our customers. The level of capital expenditures by our customers is dependent, amongst other factors, on general economic conditions, availability of credit, economic conditions within their respective industries and expectations of future market behavior. We are currently in the midst of a sustained decline in commodity prices. Continued volatility in commodity prices, including oil, can negatively affect the level of these activities and can result in postponement of capital spending decisions or the delay or cancellation of existing orders. In particular, conditions in the oil and gas industry are highly cyclical and subject to factors beyond our control. We believe demand for our products and services by many of our customers, particularly those within the oil, gas and petrochemical end market, to be primarily profit-driven, and historically these customers have tended to delay large capital projects, including expensive maintenance and upgrades, when the markets in which they participate experience volatility, as they have recently. A further reduction in demand for our products and services could result in the delay or cancellation of existing orders or lead to excess manufacturing capacity, which unfavorably impacts our absorption of fixed manufacturing costs. This reduced demand could have a material adverse effect on our business, financial condition and results of operations.

Acquisitions have formed a significant part of our growth strategy in the past and are expected to continue to do so. If we are unable to identify suitable acquisition candidates or successfully integrate the businesses we acquire, our growth strategy may not succeed.

Historically, our business strategy has relied on acquisitions. We expect to derive a significant portion of our growth by acquiring businesses and integrating those businesses into our existing operations. We intend to seek acquisition opportunities both to expand into new markets and to enhance our position in our existing markets. However, our ability to do so will depend on a number of steps, including our ability to:

- obtain debt or equity financing that we may need to complete proposed acquisitions;
- identify suitable acquisition candidates;
- negotiate appropriate acquisition terms;
- complete the proposed acquisitions; and
- integrate the acquired business into our existing operations.

If we fail to achieve any of these steps, our growth strategy may not be successful. In particular, a decline in our stock price has and may continue to make debt or equity financing more challenging to obtain. This may inhibit our ability to acquire new businesses in the future.

Acquisitions involve numerous risks, including risks related to integration, and we may not realize the anticipated benefits of our acquisitions.

Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, systems, controls, technologies, personnel, services and products of the acquired company, the potential loss of key employees, customers and distributors of the acquired company and the diversion of our management's attention from other business concerns. This is the case particularly in the fiscal quarters immediately following the completion of an acquisition because the operations of the acquired business are integrated into the acquiring business' operations during this period. We may not accurately anticipate all of the changing demands that any future acquisition may impose on our management, our operational and management information systems and our financial systems. The failure to successfully integrate acquired businesses in a timely manner, or at all, could have an adverse effect on our business, financial condition and results of operations.

In addition, the anticipated benefits of an acquisition may not be realized fully or at all, or may take longer to realize than we expect. Actual operating, technological, strategic and sales synergies, if achieved at all, may be less significant than we expect or may take longer to achieve than anticipated. If we are not able to realize the anticipated benefits and synergies expected from our acquisitions within a reasonable time, our business, financial condition and results of operations may be adversely affected.

Acquisitions may result in significant integration costs, and unanticipated integration expense may harm our business, financial condition and results of operations.

Integration efforts associated with our acquisitions may require significant capital and operating expense. Such expenses may include information technology integration fees, legal compliance costs, facility closure costs and other restructuring expenses. Significant unanticipated expenses associated with integration activities may harm our business, financial condition and results of operations.

Our acquisitions may expose us to significant unanticipated liabilities and could adversely affect our business, financial condition and results of operations.

We may underestimate or fail to discover liabilities relating to acquisitions during our due diligence investigations, and we, as the successor owner of an acquired company, might be responsible for those liabilities. Such liabilities could include employment, retirement or severance-related obligations under applicable law or other benefits arrangements, legal claims, tax liabilities, warranty or similar liabilities to customers, product liabilities and personal injury claims, environmental liabilities and claims by or amounts owed to vendors. The indemnification and warranty provisions in our acquisition agreements may not fully protect us from the impact of undiscovered liabilities. Indemnities or warranties are often limited in scope, amount or duration, and may not fully cover the liabilities for which they were intended. The liabilities that are not covered by the limited indemnities or warranties could have a material adverse effect on our business, financial condition and results of operations.

We may require additional capital to finance our operating needs and to finance our growth. If the terms on which the additional capital is available are unsatisfactory, if the additional capital is not available at all or if we are not able to fully access credit under the 2015 Deutsche Bank Credit Agreement, we may not be able to pursue our growth strategy.

Our growth strategy will require additional capital investment to complete acquisitions, integrate the completed acquisitions into our existing operations and expand into new markets.

We intend to pay for future acquisitions using cash, capital stock, notes, assumption of indebtedness or any combination of the foregoing. To the extent that we do not generate sufficient cash internally to provide the capital we require to fund our growth strategy and future operations, we will require additional debt or equity financing. This additional financing may not be available or, if available, may not be on terms acceptable to us. Further, high volatility in the capital markets and in our stock price may make it difficult for us to access the capital markets at attractive prices, if at all. If we are unable to obtain sufficient additional capital in the future, it may limit our ability to implement fully our growth strategy. Even if future debt financing is available, it may result in (i) increased interest expense, (ii) increased term loan payments, (iii) increased leverage and (iv) decreased income available to fund further acquisitions and expansion. It may also limit our ability to withstand competitive pressures and make us more vulnerable to economic downturns. If future equity financing is available, issuances of our equity securities may significantly dilute our existing stockholders.

In addition, our credit facility agreement includes restrictive covenants which could limit our financial flexibility. See "—The 2015 Deutsche Bank Credit Agreement contains restrictions that may limit our flexibility in operating our business." below.

Our restructuring activities may subject us to additional uncertainty in our operating results.

We have implemented, and plan to continue to implement, restructuring programs designed to facilitate key strategic initiatives and maintain long-term sustainable growth. As such, we have incurred and expect to continue to incur expense relating to restructuring activities. We may not achieve or sustain the anticipated benefits of these programs. Further, restructuring efforts are inherently risky, and we may not be able to predict the cost and timing of such actions accurately or properly estimate their impact. We also may not be able to realize the anticipated savings we expect from restructuring activities.

Available insurance coverage, the number of future asbestos-related claims and the average settlement value of current and future asbestos-related claims of certain subsidiaries could be different than we have estimated, which could materially and adversely affect our business, financial condition and results of operations.

Certain subsidiaries are each one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. Such components were acquired from third-party suppliers and were not manufactured by any of our subsidiaries nor were the subsidiaries producers or direct suppliers of asbestos. For the purposes of our financial statements, we have estimated the future claims exposure and the amount of insurance available based upon certain assumptions with respect to future claims and liability costs. We estimate the liability costs to be incurred in resolving pending and forecasted claims for the next 15-year period.

Our decision to use a 15-year period is based on our belief that this is the extent of our ability to forecast liability costs. We also estimate the amount of insurance proceeds available for such claims based on the current financial strength of the various insurers, our estimate of the likelihood of payment and applicable current law. We reevaluate these estimates regularly. Although we believe our current estimates are reasonable, a change in the time period used for forecasting our liability costs, the actual number of future claims brought against us, the cost of resolving these claims, the likelihood of payment by, and the solvency of, insurers and the amount of remaining insurance available could be substantially different than our estimates, and future revaluation of our liabilities and insurance recoverables could result in material adjustments to these estimates, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, we incur defense costs related to those claims, a portion of which has historically been reimbursed by our insurers. We also incur litigation costs in connection with actions against certain of the subsidiaries' insurers relating to insurance coverage. While these costs may be significant, we may not be able to predict the amount or duration of such costs. Additionally, we may experience delays in receiving reimbursement from insurers, during which time we may be required to pay cash for settlement or legal defense costs. Any increase in the actual number of future claims brought against us, the defense costs of resolving these claims, the cost of pursuing claims against our insurers, the likelihood and timing of payment by, and the solvency of, insurers and the amount of remaining insurance available, could materially and adversely affect our business, financial condition and results of operations.

A material disruption at any of our manufacturing facilities could adversely affect our ability to generate sales and meet customer demand.

If operations at any of our manufacturing facilities were to be disrupted as a result of a significant equipment failure, natural disaster, power outage, fire, explosion, terrorism, cyber-based attack, adverse weather conditions, labor disputes or other reason, our financial performance could be adversely affected as a result of our inability to meet customer demand for our products. Interruptions in production could increase our costs and reduce our sales. Any interruption in production capability could require us to make substantial capital expenditures to remedy the situation, which could negatively affect our profitability and financial condition. Any recovery under our property damage and business interruption insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations, which could adversely affect our business, financial condition and results of operations.

Failure to comply with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or other applicable anti-bribery laws could have an adverse effect on our business.

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-bribery law enforcement activity with more frequent and aggressive investigations and enforcement proceedings by both the Department of Justice and the U.S. Securities and Exchange Commission, increased enforcement activity by non-U.S. regulators and increases in criminal and civil proceedings brought against companies and individuals. Our policies mandate compliance with all anti-bribery laws. However, we operate in certain countries that are recognized as having governmental and commercial corruption. Our internal control policies and procedures may not always protect us from reckless or criminal acts committed by our employees or third-party intermediaries. Violations of these anti-bribery laws may result in criminal or civil sanctions, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, in the event that we believe or have reason to believe that our employees or agents have or may have violated applicable laws, including anti-corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management.

We have done and may continue to do business in countries subject to U.S. sanctions and embargoes, and we may have limited managerial oversight over those activities. Failure to comply with various sanction and embargo laws may result in enforcement or other regulatory actions.

Certain of our independent foreign subsidiaries have conducted and may continue to conduct business in countries subject to U.S. sanctions and embargoes or may engage in business dealings with parties whose property or property interests may be blocked under non-country-specific U.S. sanctions programs, and we have limited managerial oversight over those activities. Failure to comply properly with various sanction and embargo laws to which we and our operations may be subject may result in enforcement or other regulatory actions. Specifically, from time to time, certain of our independent foreign subsidiaries sell products to companies and entities located in, or controlled by the governments of, certain countries that are or have previously been subject to sanctions and embargoes imposed by the U.S. government, United Nations or other countries where we maintain operations. With the exception of the U.S. sanctions against Cuba, the applicable sanctions and embargoes generally do not prohibit our foreign subsidiaries from selling non-U.S.-origin products and services to countries that are or have previously been subject to sanctions and embargoes. However, our U.S. personnel, each of our domestic subsidiaries, as well as our employees of foreign subsidiaries who are U.S. citizens, are prohibited from participating in, approving or otherwise facilitating any aspect of the business activities in those countries, including Syria. These constraints impose compliance cost and risk on our operations and may negatively affect the financial or operating performance of such business activities.

Our efforts to comply with U.S. and other applicable sanction and embargo laws may not be effective, and as a consequence we may face enforcement or other actions if our compliance efforts are not or are perceived as not being wholly effective. Actual or alleged violations of these laws could lead to substantial fines or other sanctions which could result in substantial costs. In addition, Syria, Iran and certain other sanctioned countries currently are identified by the U.S. State Department as state sponsors of terrorism, and have been subject to restrictive sanctions. Because certain of our independent foreign subsidiaries have contact with and transact limited business in certain U.S. sanctioned countries, including sales to enterprises controlled by agencies of the governments of such countries, our reputation may suffer due to our association with these countries, which may have a material adverse effect on the price of our shares and our business, financial condition and results of operations. In addition, certain U.S. states and municipalities have enacted legislation regarding investments by pension funds and other retirement systems in companies that have business activities or contacts with countries that have been identified as state sponsors of terrorism and similar legislation may be pending in other states. As a result, pension funds and other retirement systems may be subject to reporting requirements with respect to investments in companies such as Colfax or may be subject to limits or prohibitions with respect to those investments that may have a material adverse effect on the price of our shares and our business, financial condition and results of operations.

During the 2012 fiscal year a few of our independently-operated foreign subsidiaries which we acquired in 2012 made the final shipments necessary to wind down four sales agreements involving parties identified in section 560.304 of title 31 of the Code of Federal Regulations, which transactions were conducted in accordance with applicable U.S. and E.U. economic sanctions, statutes and regulations in effect at that time.

If we fail to comply with export control regulations, we could be subject to substantial fines or other sanctions.

Some of our products manufactured or assembled in the U.S. are subject to the U.S. Export Administration Regulations, administered by the U.S. Department of Commerce, Bureau of Industry and Security, which require that an export license is obtained before such products can be exported to certain countries. Additionally, some of our products are subject to the International Traffic in Arms Regulations, which restrict the export of certain military or intelligence-related items, technologies and services to non-U.S. persons. Failure to comply with these laws could harm our business by subjecting us to sanctions by the U.S. government, including substantial monetary penalties, denial of export privileges and debarment from U.S. government contracts. The occurrence of any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

The majority of our sales are derived from international operations. We are subject to specific risks associated with international operations.

In the year ended December 31, 2015, we derived approximately 72% of our sales from operations outside of the U.S. and we have principal manufacturing facilities in 29 non-U.S. countries. Sales from international operations, export sales and the use of manufacturing facilities outside of the U.S. by us are subject to risks inherent in doing business outside the U.S. These risks include:

- economic or political instability;
- partial or total expropriation of international assets;
- limitations on ownership or participation in local enterprises;
- trade protection measures, including tariffs or import-export restrictions;
- currency exchange rate fluctuations and restrictions on currency repatriation;
- labor and employment laws that may be more restrictive than in the U.S.;
- significant adverse changes in taxation policies or other laws or regulations;
- unanticipated changes in laws and regulations or in how such provisions are interpreted or administered;
- difficulties in hiring and maintaining qualified staff; and
- the disruption of operations from political disturbances, terrorist activities, insurrection or war.

If any of these risks were to materialize, they may have a material adverse effect on our business, financial condition and results of operations.

If our employees represented by trade unions or works councils engage in a strike, work stoppage or other slowdown or if the representation committees responsible for negotiating with such trade unions or works councils are unsuccessful in negotiating new and acceptable agreements when the existing agreements with employees covered by collective bargaining expire, we could experience business disruptions or increased costs.

As of December 31, 2015, approximately 43% of our employees were represented by a number of different trade unions and works councils. Further, as of that date, we had approximately 13,800 employees, representing 81% of our worldwide employee base, in foreign locations. In Canada, Australia and various countries in Europe, Asia, and Central and South America, by law, certain of our employees are represented by a number of different trade unions and works councils, which subject us to employment arrangements very similar to collective bargaining agreements. Further, the laws of certain foreign countries may place restrictions on our ability to take certain employee-related actions or require that we conduct additional negotiations with trade unions, works councils or other governmental authorities before we can take such actions.

If our employees represented by trade unions or works councils were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations. Such disruption could interfere with our business operations and could lead to decreased productivity, increased labor costs and lost revenue. The representation committees that negotiate with the foreign trade unions or works councils on our behalf may not be successful in negotiating new collective bargaining agreements or other employment arrangements when the current ones expire. Furthermore, future labor negotiations could result in significant increases in our labor costs. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing business is subject to the possibility of product liability lawsuits, which could harm our business.

As the manufacturer of equipment for use in industrial markets, we face an inherent risk of exposure to product liability claims. Our products may not be free from defects. In addition, some of our products contain components manufactured by third parties, which may also have defects. Our product liability insurance policies have limits that may not be sufficient to cover claims made. In addition, this insurance may not continue to be available at a reasonable cost. With respect to components manufactured by third-party suppliers, the contractual indemnification that we seek from our third-party suppliers may be limited and thus insufficient to cover claims made against us. If insurance coverage or contractual indemnification is insufficient to satisfy product liability claims made against us, the claims could have an adverse effect on our business and financial condition. Even claims without merit could harm our reputation, reduce demand for our products, cause us to incur substantial legal costs and distract the attention of our management. The occurrence of any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

As manufacturers, we are subject to a variety of environmental and health and safety laws for which compliance, or liabilities that arise as a result of noncompliance, could be costly.

Our businesses are subject to international, federal, state and local environmental and safety laws and regulations, including laws and regulations governing emissions of: regulated air pollutants; discharges of wastewater and storm water; storage and handling of raw materials; generation, storage, transportation and disposal of regulated wastes; and laws and regulations governing worker safety. These requirements impose on our businesses certain responsibilities, including the obligation to obtain and maintain various environmental permits. If we were to fail to comply with these requirements or fail to obtain or maintain a required permit, we could be subject to penalties and be required to undertake corrective action measures to achieve compliance. In addition, if our noncompliance with such regulations were to result in a release of hazardous materials into the environment, such as soil or groundwater, we could be required to remediate such contamination, which could be costly. Moreover, noncompliance could subject us to private claims for property damage or personal injury based on exposure to hazardous materials or unsafe working conditions. In addition, changes in applicable requirements or stricter interpretation of existing requirements may result in costly compliance requirements or otherwise subject us to future liabilities. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

As the present or former owner or operator of real property, or generator of waste, we could become subject to liability for environmental contamination, regardless of whether we caused such contamination.

Under various federal, state and local laws, regulations and ordinances, and, in some instances, international laws, relating to the protection of the environment, a current or former owner or operator of real property may be liable for the cost to remove or remediate contamination on, under, or released from such property and for any damage to natural resources resulting from such contamination. Similarly, a generator of waste can be held responsible for contamination resulting from the treatment or disposal of such waste at any off-site location (such as a landfill), regardless of whether the generator arranged for the treatment or disposal of the waste in compliance with applicable laws. Costs associated with liability for removal or remediation of contamination or damage to natural resources could be substantial and liability under these laws may attach without regard to whether the responsible party knew of, or was responsible for, the presence of the contaminants. In addition, the liability may be joint and several. Moreover, the presence of contamination or the failure to remediate contamination at our properties, or properties for which we are deemed responsible, may expose us to liability for property damage or personal injury, or materially adversely affect our ability to sell our real property interests or to borrow using the real property as collateral. We could be subject to environmental liabilities in the future as a result of historic or current operations that have resulted or will result in contamination. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain and protect our intellectual property rights or challenges to these rights by third parties may affect our operations and financial performance.

The market for many of our products is, in part, dependent upon patent, trademark, copyright and trade secret laws, agreements with employees, customers and other third parties to establish and maintain our intellectual property rights, and the goodwill engendered by our trademarks and trade names. The protection of these intellectual property rights is therefore material to a portion of our businesses. The failure to protect these rights may have a material adverse effect on our business, financial condition and results of operations. Litigation may be required to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. It may be particularly difficult to enforce our intellectual property rights in countries where such rights are not highly developed or protected. Any action we take to protect our intellectual property rights could be costly and could absorb significant management time and attention. As a result of any such litigation, we could lose any proprietary rights we have.

In addition, third parties may claim that we or our customers are infringing upon their intellectual property rights. Claims of intellectual property infringement may subject us to costly and time-consuming defense actions and, should defenses not be successful, may result in the payment of damages, redesign of affected products, entry into settlement or license agreements, or a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products. It is also possible that others will independently develop technology that will compete with our patented or unpatented technology. The occurrence of any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

The loss of key leadership could have a material adverse effect on our ability to run our business.

We may be adversely affected if we lose members of our senior leadership. We are highly dependent on our senior leadership team as a result of their expertise in our industry and our business. The loss of key leadership or the inability to attract, retain and motivate sufficient numbers of qualified management personnel could have a material adverse effect on our business, financial condition and results of operations.

The 2015 Deutsche Bank Credit Agreement contains restrictions that may limit our flexibility in operating our business.

The 2015 Deutsche Bank Credit Agreement contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur additional indebtedness;
- make certain investments;
- create liens on certain assets to secure debt; and
- consolidate, merge, sell or otherwise dispose of all or substantially all our assets.

In addition, under the 2015 Deutsche Bank Credit Agreement, we are required to satisfy and maintain compliance with a total leverage ratio and an interest coverage ratio. Limitations imposed by the 2015 Deutsche Bank Credit Agreement's various covenants could have a materially adverse effect on our business, financial condition and results of operations.

Any impairment in the value of our intangible assets, including Goodwill, would negatively affect our operating results and total capitalization.

Our Total assets reflect substantial intangible assets, primarily Goodwill. The Goodwill results from our acquisitions, representing the excess of cost over the fair value of the net assets we have acquired. We assess at least annually whether there has been impairment in the value of our indefinite-lived intangible assets. If future operating performance at one or more of our business units were to fall significantly below current levels, if competing or alternative technologies emerge, or if market conditions for an acquired business decline, we could incur, under current applicable accounting rules, a non-cash charge to operating earnings for Goodwill impairment. Any determination requiring the write-off of a significant portion of unamortized intangible assets would adversely affect our business, financial condition, results of operations and total capitalization, the effect of which could be material.

Our defined benefit pension plans and post-retirement medical and death benefit plans are or may become subject to funding requirements or obligations that could adversely affect our business, financial condition and results of operations.

We operate defined benefit pension plans and post-retirement medical and death benefit plans for our current and former employees worldwide. Each plan’s funding position is affected by the investment performance of the plan’s investments, changes in the fair value of the plan’s assets, the type of investments, the life expectancy of the plan’s members, changes in the actuarial assumptions used to value the plan’s liabilities, changes in the rate of inflation and interest rates, our financial position, as well as other changes in economic conditions. Furthermore, since a significant proportion of the plans’ assets are invested in publicly traded debt and equity securities, they are, and will be, affected by market risks. Any detrimental change in any of the above factors is likely to worsen the funding position of each of the relevant plans, and this is likely to require the plans’ sponsoring employers to increase the contributions currently made to the plans to satisfy our obligations. Any requirement to increase the level of contributions currently made could have a material adverse effect on our business, financial condition and results of operations.

Significant movements in foreign currency exchange rates may harm our financial results.

We are exposed to fluctuations in currency exchange rates. During the year ended December 31, 2015, approximately 72% of our sales were derived from operations outside the U.S. A significant portion of our revenues and income are denominated in foreign currencies. Large fluctuations in the rate of exchange between foreign currencies and the U.S. dollar could have a material adverse effect on our business, financial condition and results of operations. Changes in the currency exchange rates may impact the financial results positively or negatively in one period and not another, which may make it difficult to compare our operating results from different periods.

We also face exchange 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. Further, we may be subject to foreign currency translation losses depending upon whether foreign nations devalue their currencies, movements in exchange rates between highly inflationary currencies and our reporting currency and the amount of monetary assets and liabilities included in the balance sheets of our operations denominated in currencies considered to be highly inflationary.

We have generally accepted the exposure to exchange rate movements in translation 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.

We are dependent on the availability of raw materials, as well as parts and components used in our products.

While we manufacture many of the parts and components used in our products, we purchase a substantial amount of raw materials, parts and components from suppliers. The availability and prices for raw materials, parts and components may be subject to curtailment or change due to, among other things, suppliers’ allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. Any significant change in the supply of, or price for, these raw materials, parts or components could materially affect our business, financial condition and results of operations. In addition, delays in delivery of raw materials, parts or components by suppliers could cause delays in our delivery of products to our customers.

We are currently working to streamline our supplier base. However, this could exacerbate certain of the risks described above. For example, as a result of maintaining relationships with fewer suppliers, we may become more dependent on such suppliers having adequate quantities of raw materials, parts or components that satisfy our requirements at prices that we consider appropriate, and on the timely delivery of such raw materials, parts or components to us. In addition, as a result of maintaining relationships with fewer suppliers, it may be more difficult or impossible to obtain raw materials, parts or components from alternative sources when such components and raw materials are not available from our regular suppliers.

New regulations and customer preferences reflecting an increased focus on environmental, social and governance responsibility may impose additional costs on us and expose us to new risks, including with respect to the sourcing of our products.

Regulators, stockholders and other interested constituencies have focused increasingly on the environmental, social and governance practices of companies, which has resulted in new regulations that may impose costs on us and expose us to new risks.

We may be subject to additional regulations in the future arising from the increased focus on environmental, social and governance responsibility. In addition, our customers may require us to implement environmental, social or governance responsibility procedures or standards before they will continue to do business with us. The occurrence of any of the foregoing could have a material adverse effect on the price of our shares and our business, financial condition and results of operations.

In addition to the regulations noted above, our businesses are subject to extensive regulation by U.S. and non-U.S. governmental and self-regulatory entities at the supranational, federal, state, local and other jurisdictional levels. The regulations we are subject to have tended to become more stringent over time and may be inconsistent across jurisdictions. We, our representatives and the industries in which we operate may at times be under review and/or investigation by regulatory authorities. Failure to comply (or any alleged or perceived failure to comply) with the regulations referenced above or any other regulations could result in civil and criminal, monetary and non-monetary penalties, and any such failure or alleged failure (or becoming subject to a regulatory enforcement investigation) could also cause damage to our reputation, disrupt our business, limit our ability to manufacture, import, export and sell products and services, result in loss of customers and disbarment from selling to certain federal agencies and cause us to incur significant legal and investigatory fees. Compliance with these and other regulations may also affect our returns on investment, require us to incur significant expenses or modify our business model or impair our flexibility in modifying product, marketing, pricing or other strategies for growing our business.

Our information technology infrastructure could be subject to service interruptions, data corruption, cyber-based attacks or network security breaches, which could result in the disruption of operations or the loss of data confidentiality.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including procurement, manufacturing, distribution, invoicing and collection. These technology networks and systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures or computer viruses. If these information technology systems suffer severe damage, disruption or shutdown and business continuity plans do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations could be materially adversely affected.

In addition, information technology security threats and sophisticated computer crime, including advanced persistent threats such as attempts to gain unauthorized access to our systems, are increasing in sophistication and frequency. We have experienced, and expect to continue to confront attempts from hackers and other third parties to gain unauthorized access to our information technology systems and networks. Although these attacks to date have not had a material impact on us, we could in the future experience attacks that could have a material adverse effect on our financial condition, results of operations or liquidity. While we actively manage information technology risks within our control, we can provide no assurance that our actions will be successful in eliminating or mitigating risks to our systems, networks and data. A failure of or breach in information technology security of our own systems, or those of our third-party vendors, could expose us and our customers, dealers and suppliers to risks of misuse of information or systems, the compromise of confidential information, manipulation and destruction of data, defective products, production downtimes and operations disruptions. Any of these events in turn could adversely affect our reputation, competitive position, business and results of operations. In addition, such breaches in security could result in litigation, regulatory action and potential liability, as well as the costs and operational consequences of implementing further data protection measures.

We may be subject to risks arising from changes in technology.

The supply chains in which we operate are subject to technological changes and changes in customer requirements. We may not successfully develop new or modified types of products or technologies that may be required by our customers in the future. Further, the development of new technologies by competitors that may compete with our technologies could reduce demand for our products and affect our financial performance. Should we not be able to maintain or enhance the competitive values of our products or develop and introduce new products or technologies successfully, or if new products or technologies fail to generate sufficient revenues to offset research and development costs, our business, financial condition and operating results could be materially adversely affected.

The markets we serve are highly competitive and some of our competitors may have superior resources. If we are unable to respond successfully to this competition, this could reduce our sales and operating margins.

We sell most of our products in highly fragmented and competitive markets. We believe that the principal elements of competition in our markets are:

- the ability to meet customer specifications;
- application expertise and design and engineering capabilities;
- product quality and brand name;
- timeliness of delivery;
- price; and
- quality of aftermarket sales and support.

In order to maintain and enhance our competitive position, we intend to continue investing in manufacturing quality, marketing, customer service and support and distribution networks. We may not have sufficient resources to continue to make these investments and we may not be able to maintain our competitive position. Our competitors may develop products that are superior to our products, develop methods of more efficiently and effectively providing products and services, or adapt more quickly than us to new technologies or evolving customer requirements. Some of our competitors may have greater financial, marketing and research and development resources than we have. As a result, those competitors may be better able to withstand the effects of periodic economic downturns. In addition, pricing pressures could cause us to lower the prices of some of our products to stay competitive. We may not be able to compete successfully with our existing competitors or with new competitors. If we fail to compete successfully, the failure may have a material adverse effect on our business, financial condition and results of operations.

Changes in our tax rates or exposure to additional income tax liabilities could adversely affect our financial results.

Our future effective income tax rates could be unfavorably affected by various factors including, among others, changes in the tax rates, rules and regulations in jurisdictions in which we generate income or the repatriation of income held in foreign jurisdictions. Our Cash and cash equivalents as of December 31, 2015 includes $186.9 million held in jurisdictions outside the U.S., which may be subject to U.S. income tax if repatriated into the U.S. and other restrictions. In addition, the U.S. and foreign countries have considered changes to existing tax laws, including allowing existing provisions to expire, that could significantly impact the treatment of income earned outside the U.S. An increase in our effective tax rate could have a material adverse effect on our after-tax results of operations.

In addition, the amount of income taxes we pay is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in assessments different from amounts recorded, our future financial results may include unfavorable tax adjustments.

Risks and Other Considerations Related to our Common Stock

The issuances of additional Common and Preferred stock or the resale of previously restricted Common stock may adversely affect the market price of Colfax Common stock.

Pursuant to certain registration rights agreements we have entered with Mitchell P. Rales, Steven M. Rales, BDT CF Acquisition Vehicle, LLC, and Markel Corporation (collectively, the “Investors”), the Investors and their permitted transferees have registration rights for the resale of certain shares of Colfax Common stock. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of Colfax Common stock available for public trading. Sales by the Investors or their permitted transferees of a substantial number of shares of Colfax Common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of Colfax Common stock.

Additionally, under our Amended and Restated Certificate of Incorporation, there are additional authorized shares of Colfax Common stock. Furthermore, we may issue a significant number of additional shares, in connection with acquisitions or otherwise. We also may issue a significant number of additional shares, either through an existing shelf registration statement or through other mechanisms. Additional shares issued would have a dilutive effect on our earnings per share.

Provisions in our governing documents and Delaware law, and the percentage of Common stock owned by our largest stockholders, may delay or prevent an acquisition of Colfax that may be beneficial to our stockholders.

Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law contain provisions that may make it difficult for a third party to acquire us without the consent of our Board of Directors. These include provisions prohibiting stockholders from taking action by written consent, prohibiting special meetings of stockholders called by stockholders, prohibiting stockholder nominations and approvals without complying with specific advance notice requirements, and mandating certain procedural steps for stockholders who wish to introduce business or nominate a director candidate. In addition, our Board of Directors has the right to issue Preferred stock without stockholder approval, which our Board of Directors could use to effect a rights plan or "poison pill" that could dilute the stock ownership of a potential hostile acquirer and may have the effect of delaying, discouraging or preventing an acquisition of Colfax. Delaware law also imposes some restrictions on mergers and other business combinations between Colfax and any holder of 15% or more of its outstanding voting stock.

In addition, the percentage of Colfax Common stock owned Mitchell P. Rales, Steven M. Rales, and BDT Capital Partners, LLC and its affiliates could discourage a third party from proposing a change of control or other strategic transaction concerning Colfax.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our corporate headquarters are located in Annapolis Junction, Maryland in a facility that we lease. As of December 31, 2015, our gas- and fluid-handling reportable segment had 9 principal production facilities in the U.S. representing approximately 982,000 and 38,000 square feet of owned and leased space, respectively, and 47 principal production facilities in 22 different countries in Asia, Europe, the Americas, Australia and South Africa, representing a total of 2.9 million and 0.7 million square feet of owned and leased space, respectively. Additionally, as of December 31, 2015, our fabrication technology operating segment had a total of 6 production facilities in the U.S., representing a total of 1.3 million and 0.4 million square feet of owned and leased space, and 31 production facilities outside the U.S., representing a total of 7.5 million and 2.0 million square feet of owned and leased space, respectively, in 17 countries in Australia, Central and Eastern Europe, Central and South America and Asia.

Item 3. *Legal Proceedings*

Discussion of legal matters is incorporated by reference to Part II, Item 8, Note 15, "Commitments and Contingencies," in the Notes to the Consolidated Financial Statements.

Item 4. *Mine Safety Disclosures*

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names, ages, positions and experience of our executive officers. All of our executive officers hold office at the pleasure of our Board of Directors.

Name	Age	Position
Matthew L. Trerotola	48	President and Chief Executive Officer and Director, Colfax Corporation President and Chief Executive Officer, ESAB Global
C. Scott Brannan	57	Senior Vice President, Finance, Chief Financial Officer and Treasurer
Daniel A. Pryor	47	Executive Vice President, Strategy and Business Development
Ian Brander	54	Chief Executive Officer, Howden
Lynn Clark	58	Senior Vice President, Global Human Resources
Darryl Mayhorn	51	Senior Vice President, President and CEO of Colfax Fluid Handling
A. Lynne Puckett	53	Senior Vice President, General Counsel and Secretary
Stephen J. Wittig	53	Senior Vice President, Colfax Business System and Supply Chain Strategy

Matthew L. Trerotola has been President and Chief Executive Office since July 2015. Prior to joining Colfax, Mr. Trerotola was an Executive Vice President and a member of DuPont's Office of the Chief Executive, responsible for DuPont's Electronics & Communications and Safety & Protection segments. Mr. Trerotola also had corporate responsibility for DuPont's Asia-Pacific business. Many of Mr. Trerotola's roles at DuPont involved applying innovation to improve margins and accelerate organic growth in global businesses. Prior to rejoining DuPont in 2013, Mr. Trerotola had served in leadership roles at Danaher since 2007, and was most recently Vice President and Group Executive for Life Sciences. Previously, Mr. Trerotola was Group Executive for Product Identification from 2009 to 2012, and President of the Videojet business from 2007 to 2009. While at McKinsey & Company from 1995 to 1999, Mr. Trerotola focused primarily on helping industrial companies accelerate growth. Mr. Trerotola earned his M.B.A. from Harvard Business School and his B.S. in Chemical Engineering from the University of Virginia.

C. Scott Brannan has been the Senior Vice President, Finance, Chief Financial Officer and Treasurer since October 2010. Mr. Brannan served on the Colfax Board of Directors and was Chairman of the Audit Committee from 2008 to September 2010. Prior to joining Colfax in his current role, he was a partner at Aronson & Company, a public accounting firm, from 2003 to 2010. He was also previously employed at Danaher Corporation for 12 years in roles of increasing responsibility, including Chief Accounting Officer, Controller and Vice President of Administration. Prior to Danaher Corporation, he spent 8 years with Arthur Andersen & Co. He holds bachelors and masters degrees in accounting from Loyola University Maryland and is a certified public accountant.

Daniel A. Pryor has served as our Executive Vice President, Strategy and Business Development since July 2013. Mr. Pryor was Senior Vice President, Strategy and Business Development from January 2011 through July 2013. Prior to joining Colfax, he was a Partner and Managing Director with The Carlyle Group, a global alternative asset manager, where he focused on industrial leveraged buyouts and led numerous portfolio company and follow-on acquisitions. While at The Carlyle Group, he served on the boards of portfolio companies Veyance Technologies, Inc., John Maneely Co., and HD Supply Inc. Prior to The Carlyle Group, he spent 11 years at Danaher Corporation in roles of increasing responsibility, most recently as Vice President - Strategic Development. Mr. Pryor earned his M.B.A. from Harvard Business School and his B.A. in Economics from Williams College.

Ian Brander has been the Chief Executive Officer of Howden since August 1, 2011. Prior to becoming Chief Executive Officer of Howden, he served as Operations Director beginning in 2008. His experience includes over 20 years at Howden in various roles in technical, project, commercial and general management positions associated with a wide range of products. He holds a Mechanical Engineering degree from the University of Strathclyde.

Lynn Clark has been the Senior Vice President, Global Human Resources since January 2013. Prior to joining Colfax, she served as senior vice president, global human resources for Mead Johnson Nutrition. Ms. Clark held roles of increasing responsibility in human resources at Bristol-Myers Squibb from 2001 to 2009, and prior to this, with Lucent Technologies and Allied Signal Corporation. Prior to her experience in human resources, she worked for 15 years in sales and marketing. Ms. Clark has a bachelor of science in education and a master of science in college student personnel from Bowling Green University in Ohio.

Darryl Mayhorn has been the Senior Vice President, President and CEO of Colfax Fluid Handling since July 2014. Prior to joining Colfax, Mr. Mayhorn was President of the Rexnord Aerospace Group from 2008 to 2014 and was previously the Chief Human Resources Officer of Rexnord Corporation. His professional career includes leadership roles at various global industrial companies, including Danaher Corporation and Eaton Corporation. Mr. Mayhorn is an alumnus of the University of Missouri, where he earned a Bachelor of Science degree in Business Administration. He has a master's degree in business administration from St. Louis University.

A. Lynne Puckett has served as our Senior Vice President, General Counsel and Secretary since September 2010. Prior to joining Colfax, she was a Partner with the law firm of Hogan Lovells US LLP from 1999 to 2010. Her experience includes a broad range of corporate and transactional matters, including mergers and acquisitions, venture capital financings, debt and equity offerings, and general corporate and securities law matters. Before entering the practice of law, Ms. Puckett worked for the U.S. Central Intelligence Agency and a major U.S. defense contractor. Ms. Puckett holds a J.D. from the University of Maryland School of Law and a B.S. degree from James Madison University.

Stephen J. Wittig has been the Senior Vice President, Colfax Business System and Supply Chain Strategy since August 2011. Prior to joining Colfax, he was the Vice President of Lean Manufacturing and Six Sigma for the Masco Cabinet Group of Masco Corporation. His experience includes over 20 years of experience in engineering, manufacturing, logistics and supply chain management and held a number of operations positions with Lear Corporation, Preferred Technical Group, Sumitomo Electric and United Technologies. He has also been a member of the adjunct faculty in the School of Management with the University of Michigan where he taught a number of operations management courses. Mr. Wittig is a Six Sigma Master Black Belt with a certification from the Juran Institute. He holds his M.S. in Engineering from the University of Michigan and his B.S. in Industrial Engineering from Kettering University (formerly General Motors Institute).

PART II

Item 5. ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

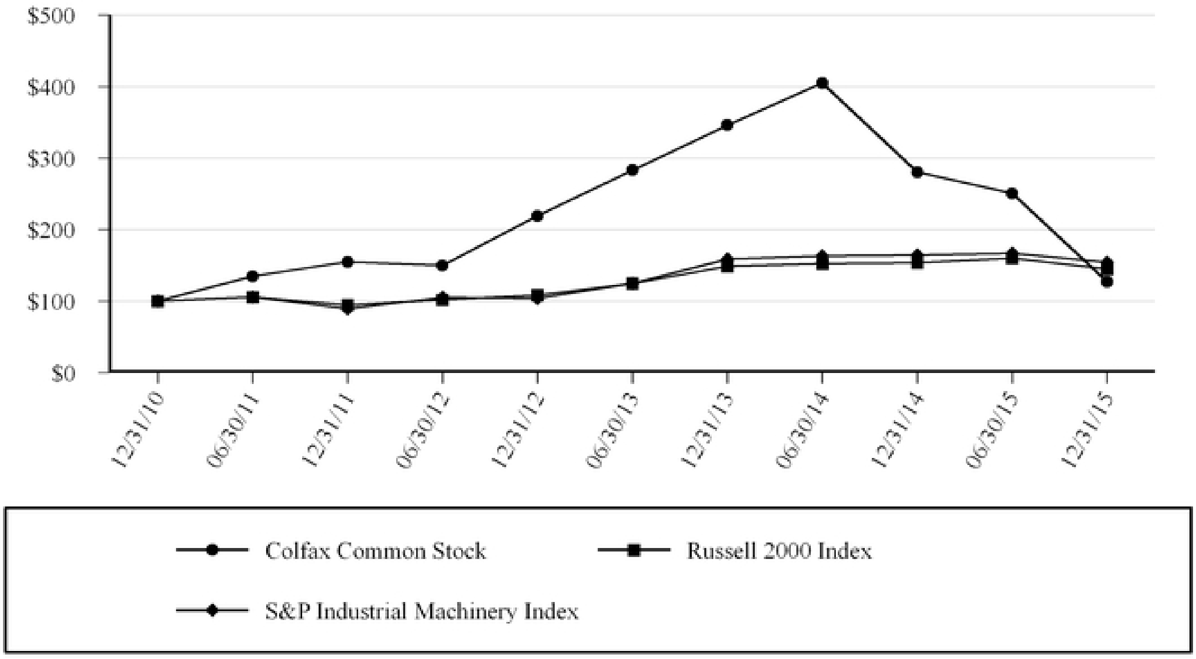
Our Common stock began trading on the New York Stock Exchange under the symbol CFX on May 8, 2008. As of February 2, 2016, there were 30,600 holders of record of our Common stock. The high and low sales prices per share of our Common stock, as reported on the New York Stock Exchange, for the fiscal periods presented are as follows:

	Year Ended December 31,			
	2015		2014	
	High	Low	High	Low
First Quarter	$ 53.59	$ 42.86	$ 72.56	$ 58.30
Second Quarter	$ 53.17	$ 46.32	$ 75.37	$ 67.16
Third Quarter	$ 46.92	$ 30.21	$ 75.26	$ 56.23
Fourth Quarter	$ 32.23	$ 21.76	$ 58.63	$ 45.48

We have not paid any dividends on our Common stock since inception, and we do not anticipate the declaration or payment of dividends at any time in the foreseeable future.

Performance Graph

The graph below compares the cumulative total stockholder return on our Common stock with the cumulative total return of the Russell 2000 Index and the Standard & Poor's ("S&P") Industrial Machinery Index. The graph assumes that $100 was invested on December 31, 2010 in each of our Common stock, the Russell 2000 Index and the S&P Industrial Machinery Index, and that all dividends were reinvested.



Issuer Purchase of Equity Securities

On October 11, 2015, the Company's Board of Directors authorized the repurchase of up to $100.0 million of the Company's Common stock from time-to-time on the open market or in privately negotiated transactions. The repurchase program is authorized until December 31, 2016 and is being conducted pursuant to SEC Rule 10b-18. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors. For the period January 1, 2016 to February 3, 2016 the Company repurchased 1,000,000 shares of the Company's Common stock at an average price paid per share of $20.81 under a plan complying with Rule 10b5-1 under the Securities Exchange Act of 1934 ("10b5-1 Plan").

The following table presents certain information with respect to our common stock repurchases during the fourth quarter of 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
9/26/15 - 10/23/15	480,539	27.84	480,539	86,621,794
10/24/15 - 11/20/15	505,740	27.66	505,740	72,633,026
11/21/15 - 12/31/15	—	—	—	72,633,026
Total	986,279	27.75 (1)	986,279	72,633,026 (2)

(1) Represents the weighted-average price paid per share during the fourth quarter of 2015.
(2) Represents the repurchase program limit authorized by the Board of Directors of $100.0 million less the value of purchases made during the fourth quarter of 2015.

There were no Common stock repurchases during 2014 or 2013.

Item 6. *Selected Financial Data*

	Year Ended and As of December 31,				
	2015[(1)]	2014[(2)]	2013[(3)]	2012[(4)]	2011[(5)]
	(In thousands, except per share data)				
Statement of Income Data:					
Net sales	$ 3,967,053	$ 4,624,476	$ 4,207,209	$ 3,913,856	$ 693,392
Cost of sales	2,715,279	3,145,631	2,900,987	2,761,731	453,293
Gross profit	1,251,774	1,478,845	1,306,222	1,152,125	240,099
Selling, general and administrative expense	905,952	1,011,171	864,328	908,439	173,461
Charter acquisition-related expense	—	—	—	43,617	31,052
Restructuring and other related charges	61,177	58,121	35,502	60,060	9,680
Operating income	284,645	409,553	406,392	140,009	25,906
Interest expense	47,743	51,305	103,597	91,570	5,919
Provision for (benefit from) income taxes	49,724	(62,025)	93,652	90,703	15,432
Net income (loss)	187,178	420,273	209,143	(42,264)	4,555
Less: income attributable to noncontrolling interest, net of taxes	19,439	28,175	30,515	22,138	—
Dividends on preferred stock	—	2,348	20,396	18,951	—
Preferred stock conversion inducement payment	—	19,565	—	—	—
Net income (loss) available to Colfax Corporation common shareholders	$ 167,739	$ 370,185	$ 158,232	$ (83,353)	$ 4,555
Net income (loss) per share—basic	$ 1.35	$ 3.06	$ 1.56	$ (0.92)	$ 0.10
Net income (loss) per share—diluted	$ 1.34	$ 3.02	$ 1.54	$ (0.92)	$ 0.10
Balance Sheet Data:					
Cash and cash equivalents	$ 197,469	$ 305,448	$ 311,301	$ 482,449	$ 75,108
Goodwill and Intangible assets, net	3,813,399	3,916,606	3,242,252	2,853,279	245,873
Total assets	6,732,919	7,211,517	6,593,679	6,122,092	1,087,531
Total debt, including current portion	1,417,547	1,536,810	1,479,586	1,720,676	110,506

(1) During 2015, we completed the acquisitions of Roots and Simsmart. See Note 4, "Acquisitions" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K for additional information. In October 2015, we authorized the repurchase of up to $100.0 million of our Common Stock and we refinanced our debt in June 2015. See Note 11, "Equity" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K and Part I, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information.

(2) During 2014, we completed the Victor Acquisition. See Note 4, "Acquisitions" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K for additional information. In February 2014, we sold newly issued Common stock and entered into a Conversion Agreement with BDT CF Acquisition Vehicle, LLC (the "BDT Investor") pursuant to which the BDT Investor exercised its option to convert its shares of Series A Perpetual Convertible Preferred Stock into shares of our Common stock plus cash. See Note 11, "Equity" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K for additional information.

(3) During 2013, we completed the acquisitions of GII, Clarus, TLT-Babcock, Alphair, ČKDK and Sicelub and increased our ownership of Soldex. In February 2013 and November 2013, we refinanced our Debt, and in May 2013 we sold newly issued Common stock. See Note 4, "Acquisitions" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K and Part I, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information.

(4) During 2012, we completed the acquisitions of Charter, Soldex and Co-Vent and increased our ownership of ESAB India Limited ("ESAB India") and CJSC Sibes. The Charter Acquisition transformed Colfax from a fluid-handling business into a multi-platform enterprise with a broad global footprint, which makes financial comparison to previous periods difficult. Additionally, in conjunction with the Charter Acquisition in January 2012, we refinanced our Debt and sold newly issued Common stock and Series A Preferred Stock. In March 2012, we sold newly issued Common stock. See Part I, Item 1. "Business," Note 4, "Acquisitions" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K and Part I, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information.

(5) During 2011, we completed the acquisitions of Rosscor and COT-Puritech in February and December, respectively. See Part I, Item 1. "Business" and Note 4, "Acquisitions" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K for additional information.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of Company's management. This MD&A is divided into four main sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies

The following MD&A should be read together with Item 6. "Selected Financial Data", Part I, Item 1A. "Risk Factors" and the accompanying Consolidated Financial Statements and Notes to Consolidated Financial Statements included in this Form 10-K. The MD&A includes forward-looking statements. For a discussion of important factors that could cause actual results to differ materially from the results referred to in these forward-looking statements, see "Special Note Regarding Forward-Looking Statements."

Overview

Please see Part I, Item 1. "Business" for a discussion of Colfax's objectives and methodologies for delivering shareholder value. We report our operations through the following reportable segments:

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

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

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

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

Outlook

We believe that we are well positioned to grow our businesses organically over the long term by enhancing our product offerings and expanding our customer base. Our business mix is expected to be well balanced between long- and short-cycle businesses, sales in emerging markets and developed nations and fore- and aftermarket products and services. Given this balance, management does not use indices other than general economic trends to predict the overall outlook for the Company. Instead, the individual businesses monitor key competitors and customers, including to the extent possible their sales, to gauge relative performance and outlook for the future.

We face a number of challenges and opportunities, including the successful integration of new acquisitions, application and expansion of our CBS tools to improve margins and working capital management, rationalization of assets and back office functions, and consolidation of manufacturing facilities.

We expect to continue to grow as a result of strategic acquisitions. We believe that the extensive experience of our leadership team in acquiring and effectively integrating acquisition targets should enable us to capitalize on opportunities in the future.

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 (loss) before Restructuring and other related charges.

Items Affecting Comparability of Reported Results

Our financial performance and growth are driven by many factors, principally our ability to serve global markets, fluctuations in the relationship of foreign currencies to the U.S. dollar, general economic conditions, the global economy and capital spending levels, the availability of capital, our estimates concerning the availability of insurance proceeds to cover asbestos litigation expense and liabilities, the amount of asbestos liabilities and litigation expense, the impact of restructuring initiatives, our ability to pass cost increases on through pricing, the impact of sales mix, and our ability to continue to grow through acquisitions. These key factors have impacted our results of operations in the past and are likely to affect them in the future.

Global Operations

Our products and services are available worldwide. The manner in which our products and services are sold differs by region. During 2015, approximately 74% of our sales were shipped to locations outside of the U.S. Accordingly, we are affected by levels of industrial activity and economic and political factors in countries throughout the world. Our ability to grow and our financial performance will be affected by our ability to address a variety of challenges and opportunities that are a consequence of our global operations, including efficiently utilizing our global sales, manufacturing and distribution capabilities, the expansion of market opportunities in Asia, successfully completing global strategic acquisitions and engineering innovative new product applications for end users in a variety of geographic markets. However, we believe that our geographic, end market and product diversification may limit the impact that any one country or economy could have on our consolidated results.

Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 72% for the year ended December 31, 2015, 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.

In February 2015, the Venezuelan government introduced a marginal foreign exchange system ("SIMADI") which replaces an auction-based foreign exchange system that began operating on March 24, 2015 ("SICAD II"), which we previously used to remeasure our Venezuelan operations. During the year ended December 31, 2015, we have determined the SIMADI to be the most appropriate rate with which to remeasure or Venezuelan operations from the multiple current legal mechanisms in Venezuela to exchange currency. As of and for the year ended December 31, 2015, our Venezuelan operation represented less than 1% of our Total assets and Net sales. The foreign currency transaction loss recognized related to the adoption of the SIMADI did not have a material impact on our Consolidated Statement of Income for the year ended December 31, 2015.

The lift of currency controls in Argentina in December 2015 has caused the Argentine peso to devalue relative to the U.S. dollar. We may be subject to additional foreign currency losses depending on whether Argentina further devalues the peso. As of and for the year ended December 31, 2015, our Argentine operations represented less than 1% of our Total assets and approximately 2% of our Net sales.

We expect the impact of changes in foreign exchange rates to continue to negatively impact our overall results of operations in 2016 as a result of the strengthening of the U.S. dollar against most currencies.

Economic Conditions

Demand for our products depends on the level of new capital investment and planned maintenance by our customers. The level of capital expenditures depends, in turn, on the general economic conditions as well as access to capital at reasonable cost. Additionally, volatility in commodity prices, including oil, can negatively affect the level of these activities and can result in postponement of capital spending decisions or the delay or cancellation of existing orders. While demand can be cyclical, we believe that our diversified operations generally limit the impact of a downturn in any one market on our consolidated results. However, we are currently in the midst of a sustained decline in commodity prices, including oil, which has had a negative impact on the levels of capital invested and maintenance expenditures by certain of our customers which in turn has reduced the demand for our products and services.

Seasonality

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

Pricing

We believe our customers place a premium on quality, reliability, availability, design and application engineering support. Our highly engineered gas- and fluid-handling products typically have higher margins than products with commodity-like qualities. However, we are sensitive to price movements in our raw materials supply base. Our largest material purchases are for components and raw materials including steel, iron, copper and aluminum. Historically, we have been generally successful in passing raw material price increases on to our customers. While we seek to take actions to manage this risk, including commodity hedging where appropriate, such increased costs may adversely impact earnings.

Sales and Cost Mix

Our profit margins vary in relation to the relative mix of many factors, including the type of product, the geographic location in which the product is manufactured, the end market for which the product is designed, and the percentage of total revenue represented by consumables and aftermarket sales and services. Consumables are generally sold at lower margins in comparison to our foremarket products and equipment, whereas our aftermarket business, including spare parts and other value added services, is generally a higher margin business.

The mix of sales was as follows for the periods presented:

	Year Ended December 31,		
	2015	2014	2013
Foremarket and equipment	45%	47%	47%
Aftermarket and consumables	55%	53%	53%

Strategic Acquisitions

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

Gas and Fluid Handling

On July 9, 2013, Colfax completed the acquisition of the common stock of Clarus for $13.2 million, which included the fair value of an estimated additional contingent cash payment of $2.5 million at the acquisition date. The additional contingent payment would be paid during the year ending December 31, 2016 subject to the achievement of certain performance goals. However, we do not expect the performance goals to be achieved. Clarus is a domestic supplier of flushing services for marine applications primarily to U.S. government agencies, with primary operations based in Bellingham, Washington.

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

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

On November 25, 2013, the Company increased its ownership of Sicelub, previously a less than wholly owned subsidiary in which the Company did not have a controlling interest, from 44% to 100%. Sicelub provides flushing services to Central and South American customers primarily in the oil, gas and petrochemical end market.

On November 29, 2013, the Company completed the acquisition of GII for $246.0 million, including the assumption of debt, subject to certain adjustments. GII has operations around the world and expanded the Company's product offerings in the heavy duty industrial and cooling fan market.

On June 30, 2015, the Company completed the acquisition of Roots for $180.7 million. Roots is a leading supplier of blower and compressor technologies which service a broad range of end markets, including wastewater treatment, chemical production, and power generation. The acquisition builds on Howden's global strength in compressors and blowers and adds important application expertise and product solutions to the portfolio.

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

Fabrication Technology

On April 14, 2014, Colfax completed the Victor Acquisition for net cash consideration of $948.8 million, subject to certain adjustments. Victor is a pre-eminent global manufacturer of cutting, gas control and specialty welding solutions. The acquisition complemented the geographic footprint of our fabrication technology segment and expanded our product portfolio into new applications.

Sales, Orders and Backlog

Our Net sales increased from $4.2 billion in 2013 to $4.6 billion in 2014. In 2015, our Net sales decreased to $4.0 billion. The following table presents the components of changes in consolidated Net sales and, for our gas- and fluid-handling segment, orders and order backlog:

	Net Sales		Orders[1]		Backlog at Period End	
	$	%	$	%	$	%
	(In millions)					
As of and for the year ended December 31, 2013	$ 4,207.2		$ 2,061.4		$ 1,577.4	
Components of Change:						
Existing businesses[2]	(79.0)	(1.9)%	(0.1)	— %	(42.9)	(2.7)%
Acquisitions[3]	635.2	15.1 %	251.7	12.2 %	—	— %
Foreign currency translation[4]	(138.9)	(3.3)%	(26.3)	(1.3)%	(132.2)	(8.4)%
	417.3	9.9 %	225.3	10.9 %	(175.1)	(11.1)%
As of and for the year ended December 31, 2014	$ 4,624.5		$ 2,286.7		$ 1,402.3	
Components of Change:						
Existing businesses[2]	(304.5)	(6.6)%	(287.1)	(12.6)%	(145.4)	(10.4)%
Acquisitions[3]	171.2	3.7 %	57.9	2.5 %	43.3	3.1 %
Foreign currency translation[4]	(524.1)	(11.3)%	(221.1)	(9.6)%	(159.3)	(11.3)%
	(657.4)	(14.2)%	(450.3)	(19.7)%	(261.4)	(18.6)%
As of and for the year ended December 31, 2015	$ 3,967.1		$ 1,836.4		$ 1,140.9	

(1) Represents contracts for products or services, net of cancellations for the period, for our gas- and fluid-handling 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.
(4) Represents the difference between prior year sales, orders and order backlog valued at the actual prior year foreign exchange rates and prior year sales, orders and order backlog valued at current year foreign exchange rates.

The decrease in Net sales from existing businesses during 2015 compared to 2014 was attributable to decreases of $170.3 million and $134.2 million in our gas- and fluid-handling and fabrication technology segments, respectively. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment decreased during 2015 in comparison to 2014 due to declining demand in all end markets from unfavorable domestic and international macroeconomic conditions.

The decrease in Net sales from existing businesses during 2014 compared to 2013 was attributable to decreases of $47.7 million and $31.3 million in our fabrication technology and gas- and fluid-handling segments, respectively. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment were flat during 2014 in comparison to 2013 as declines in demand from the oil, gas and petrochemical, power generation and mining end markets were offset by growth in demand from the marine and general industrial and other 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:

	Year Ended December 31,		
	2015	2014	2013
	(In millions)		
Gas and Fluid Handling	$ 1,981.8	$ 2,329.6	$ 2,104.0
Fabrication Technology	1,985.3	2,294.9	2,103.2
Total Net sales	$ 3,967.1	$ 4,624.5	$ 4,207.2

Gas and Fluid Handling

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

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

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Net sales	$ 1,981.8	$ 2,329.6	$ 2,104.0
Gross profit	594.4	696.7	626.7
Gross profit margin	30.0%	29.9%	29.8%
Restructuring and other related charges	$ 31.5	$ 26.5	$ 10.4
Selling, general and administrative expense	399.9	438.9	355.9
Selling, general and administrative expense as a percentage of Net sales	20.2%	18.8%	16.9%
Segment operating income	194.5	254.2	270.7
Segment operating income margin	9.8%	10.9%	12.9%

The $170.3 million Net sales decrease due to existing businesses, as discussed and defined under “Sales, Orders and Backlog” above, during 2015 in comparison to 2014 was primarily due to declines in the power generation, mining, and general industrial and other end markets, partially offset by growth in the marine and oil, gas, and petrochemical end markets. Additionally, changes in foreign exchange rates had a negative impact of $225.4 million, partially offset by acquisition related growth of $47.9 million. Gross profit decreased during 2015, which was primarily the result of changes in foreign exchange rates and lower volumes. Gross profit margin increased during 2015 in comparison to 2014 as improved margins through cost control and restructuring savings were more than sufficient to offset the impact of lower volumes. Restructuring and other related charges increased during 2015 primarily due to accelerated cost reduction programs to eliminate excess in the cost structure of the Company in response to the current challenging, cyclical economic conditions. Selling, general and administrative expense for 2015 decreased compared to 2014 primarily due to changes in foreign exchange rates, cost control activities and the impact of lower volumes, partially offset by acquisition-related growth, $8.1 million of charges associated with uncollectible accounts of a specific customer in South America, $2.8 million of asset impairment charges which includes a $1.7 million impairment loss related to a finite-lived intangible asset, approximately $8.0 million of transaction costs and year-one amortization charges associated with 2015 acquisitions, and a $4.1 million charge for revaluation of net asbestos-related liabilities. Additionally, Selling, general and administrative expense for 2014 includes a $13.4 million impairment loss related to identifiable intangible assets, a $4.0 million loss on disposition of a small fluid-handling business line and a $1.3 million foreign currency loss from the use of the SICAD II exchange rate at our Venezuelan fluid-handling business, partially offset by an unrealized gain of $2.9 million related to the Clarus contingent payment liability.

The $31.3 million Net sales decrease due to existing businesses, as discussed and defined under “Sales, Orders and Backlog” above, during 2014 in comparison to 2013 was primarily due to declines in the oil, gas and petrochemical, power generation and marine end markets, partially offset by growth in the mining and general industrial and other end markets. Additionally, Net sales increased by $287.9 million due to acquisitions and changes in foreign exchange rates had a negative impact of $31.0 million. Gross profit increased during 2014 reflecting the impact of acquisitions. Gross profit margin increased during 2014 in comparison to 2013 as improved margins through cost control and restructuring savings in our gas-handling business were more than sufficient to offset the lower margins of the acquired entities. Restructuring and other related charges increased during 2014 primarily due to an increase in restructuring actions to reduce structural costs and integrate the acquisitions made during the fourth quarter of 2013. Selling, general and administrative expense for 2014 increased compared to 2013 primarily as a result of a $66.3 million increase due to acquisitions and the specific 2014 charges discussed previously.

Fabrication Technology

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

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

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Net sales	$ 1,985.3	$ 2,294.9	$ 2,103.2
Gross profit	657.4	782.1	679.6
Gross profit margin	33.1%	34.1%	32.3%
Restructuring and other related charges	$ 29.7	$ 31.6	$ 25.1
Selling, general and administrative expense	459.1	516.3	459.9
Selling, general and administrative expense as a percentage of Net sales	23.1%	22.5%	21.9%
Segment operating income	$ 198.3	$ 265.8	$ 219.6
Segment operating income margin	10.0%	11.6%	10.4%

The Net sales decrease during 2015 compared to 2014 was primarily the result of a decrease in existing businesses of $134.2 million and changes in foreign exchange rates which had a negative impact of $298.7 million, partially offset by acquisition-related growth of $123.3 million. The $134.2 million Net sales decline due to existing businesses, as discussed and defined under "Sales, Orders and Backlog" above, during 2015 in comparison to 2014 was primarily the result of decreases in equipment sales and consumable volumes in most regions. Gross profit and gross profit margin for 2015 decreased reflecting changes in foreign exchange rates, lower volumes, mix impact from oil and gas and lower overall capital equipment spending. The decrease in Selling, general and administrative expense during 2015 was primarily due to changes in foreign exchange rates, cost control activities and the impact of lower volumes, partially offset by an acquisition-related increase of $24.1 million, and a $1.5 million impairment loss related to an identifiable intangible asset during 2015. Additionally, Selling, general and administrative expense for 2014 includes a $5.0 million loss from the use of the SICAD II exchange rate at our Venezuelan fabrication technology business, which did not repeat in 2015.

The $191.7 million Net sales increase during 2014 compared to 2013 was primarily the result of acquisition-related growth of $347.3 million, partially offset by changes in foreign exchange rates which had a negative impact of $107.9 million. The $47.7 million Net sales decline due to existing businesses, as discussed and defined under "Sales, Orders and Backlog" above, during 2014 in comparison to 2013 was primarily the result of decreases in consumable volumes in most geographies. Gross profit and gross profit margin for 2014 increased reflecting the positive impact of cost control activities. Additionally, Gross profit and gross profit margin during 2014 were positively impacted by the higher gross margins at Victor, which were partially offset by acquisition-related inventory step up expense of $9.0 million. The increase in Selling, general and administrative expense during 2014 was primarily due to an acquisition-related increase of $95.5 million and the foreign currency loss at our Venezuelan fabrication technology business discussed previously.

Gross Profit - Total Company

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Gross profit	$ 1,251.8	$ 1,478.8	$ 1,306.2
Gross profit margin	31.6%	32.0%	31.0%

The $227.0 million decrease in Gross profit during 2015 in comparison to 2014 was attributable to decreases of $102.3 million and $124.7 million in our gas- and fluid-handling segment and our fabrication technology segment, respectively. The decrease in gross profit in both of our segments during 2015 as compared to 2014 was primarily due to changes in foreign exchange rates and lower overall volumes, partially offset by acquisition related growth. The increase in gross profit margin in our gas- and fluid-handling segment during 2015 as compared to 2014 was more than offset by the lower gross profit margin at fabrication technology. Changes in foreign exchange rates during 2015 had a $169.0 million negative impact on Gross profit.

The $172.6 million increase in Gross profit during 2014 in comparison to 2013 was attributable to increases of $70.0 million and $102.6 million in our gas- and fluid-handling segment and our fabrication technology segment, respectively. The increase in gross profit margin in both of our segments during 2014 reflects the positive impact of cost control activities. Additionally, our fabrication technology segment was positively impacted during 2014 by the higher gross margins of Victor, which were partially offset by acquisition-related inventory step up expense. The increase in Gross profit in our gas- and fluid-handling segment during 2014 includes the impact of acquisitions, which also served to reduce gross profit margin. Changes in foreign exchange rates during 2014 had a $44.0 million negative impact on Gross profit.

Operating Expenses - Total Company

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Selling, general and administrative expense	$ 906.0	$ 1,011.2	$ 864.3
Selling, general and administrative expense as a percentage of Net sales	22.8%	21.9%	20.5%
Restructuring and other related charges	61.2	58.1	35.5

Selling, general and administrative expense decreased $105.2 million during 2015 in comparison to 2014. Changes in foreign exchange rates during 2015 decreased Selling, general, and administrative expenses by primarily $111.3 million. An overall decrease in acquisition integration costs and the positive benefit of restructuring actions to reduce structural costs and integrate acquisitions also contributed to the decrease. These items were partially offset by a $40.4 million acquisition-related increase in Selling, general and administrative expense during 2015. Additionally, Selling, general and administrative expense for 2015 includes an increase in the allowance for doubtful accounts of specific South American customers of $9.4 million, asset impairment charges of $4.3 million, and transaction costs and year-one amortization of approximately $8.0 million, as discussed previously. Selling, general and administrative expense as a percentage of Net sales increased primarily as a result of lower Net sales driven by reasons discussed above. Selling, general and administrative expense for 2014 includes a $13.4 million impairment loss related to identifiable intangible assets, a $4.0 million loss on disposition of a small fluid-handling business line and a $6.3 million loss from the use of the SICAD II exchange rate at our Venezuelan businesses. The increase in Restructuring and other related charges during 2015 is attributable to our gas- and fluid-handling segment due to accelerated cost reduction programs to eliminate excess in the cost structure of the Company in response to the current challenging, cyclical economic conditions.

Selling, general and administrative expense increased $146.9 million during 2014 in comparison to 2013 primarily due to an increase of $161.8 million attributable to the addition of the operations associated with the Victor Acquisition and the gas- and fluid-handling acquisitions during 2013. Additionally, Selling, general and administrative expense for 2014 includes the specific charges discussed above associated with impairment, loss on disposition of a business line and foreign currency, partially offset by significant cost saving programs in both segments and an unrealized gain of $2.9 million related to the Clarus contingent payment liability, as the performance criteria are no longer expected to be met. Restructuring and other related charges increased compared to 2013 primarily due to an increase in restructuring actions to reduce structural costs and integrate the acquisitions made during 2014 and the fourth quarter of 2013.

Interest Expense - Total Company

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Interest expense	$ 47.7	$ 51.3	$ 103.6

The decrease in Interest expense during 2015 was primarily due to decreases in weighted average interest rates, outstanding borrowing levels and amortization of deferred financing fees and original issue discount. These decreases were partially offset by a $4.7 million write-off of certain deferred financings fees during 2015 in connection with the refinancing of our principal credit facility.

The decrease in Interest expense during 2014 was primarily attributable to the amendments to the Deutsche Bank Credit Agreement (as defined and further discussed in "Liquidity and Capital Resources—Borrowing Arrangements") during 2013. During 2013, $29.4 million of certain deferred fees and original issue discount were written-off in connection with the amendments which reduced future accretion to Interest expense and did not reoccur in 2014. Additionally, the favorable impact of lower borrowing rates reduced Interest expense by $13.7 million and the lesser accretion of deferred fees and original issue discount decreased Interest expense by $6.2 million, which were also attributable to the amendments in 2013. A reduction of $3.1 million is included in Interest expense due to the change in expected settlement under the conditions specified in the contract of the mandatorily redeemable non-voting preferred stock of Sicelub, as the performance criteria were not met.

Provision for Income Taxes - Total Company

Income before income taxes was $236.9 million and the Provision for income taxes was $49.7 million for 2015. The Provision for income taxes was impacted by a tax benefit of $13.0 million associated with the resolution of a liability for unrecognized tax benefits and the effect of foreign earnings where international tax rates are lower than the U.S. tax rate.

Income before income taxes was $358.2 million and the Benefit from income taxes was $62.0 million for 2014. The Benefit from income taxes was impacted by the reassessment of the realizability of certain deferred tax assets as a result of the effect of the Victor Acquisition on expected future U.S. income. This reassessment resulted in a decrease in the Company's valuation allowance against U.S. deferred tax assets. The reduction in the valuation allowance created a non-cash income tax benefit for 2014 of $145.4 million. Additionally, a tax benefit of $21.8 million was included in Benefit from income taxes in the Consolidated Statements of Income during 2014 associated with the resolution of a liability for unrecognized tax benefits. These items, as well as the impact of foreign earnings where international tax rates are lower than the U.S. tax rate, are the principal reasons for a tax benefit rather than a tax provision, which would result from the application of the U.S. federal statutory rate to the reported Income before income taxes for 2014.

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, share repurchases, 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, we 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, we recognized $12.0 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during 2013.

We entered into a Conversion Agreement with the BDT Investor, pursuant to which the BDT Investor exercised its option to convert 13,877,552 shares of Series A Perpetual Convertible Preferred Stock into 12,173,291 shares of the Company's Common stock plus cash in lieu of a .22807018 share interest, which conversion occurred on February 12, 2014. As consideration for the BDT Investor's agreement to exercise its optional conversion right, the Company paid approximately $23.4 million to the BDT

Investor, of which $19.6 million represents the Preferred stock conversion inducement payment in the Consolidated Statement of Income for 2014.

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

We contributed 66,000 shares, 183,000 shares, and 88,200 shares of newly issued Colfax Common stock to our U.S. defined benefit pension plan on May 21, 2015, January 15, 2014 and September 12, 2013, respectively.

On October 11, 2015, the Company's Board of Directors authorized the repurchase of up to $100.0 million of the Company's Common stock from time-to time on the open market or in privately negotiated transactions. The repurchase program is authorized until December 31, 2016. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors. During the fourth quarter of 2015 the Company repurchased 986,279 shares of the Company's Common stock in open market transactions through the close of business on December 31, 2015. From January 1, 2016 through February 3, 2016, the Company has repurchased 1,000,000 shares of the Company's Common stock under a 10b5-1 Plan. As of February 4, 2016, the remaining stock repurchase authorization provided by the Company's Board of Directors is approximately $52 million.

Borrowing Arrangements

We entered into a credit agreement by and among the Company, Colfax UK Holdings Ltd, the other subsidiaries of the Company party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent (the "Deutsche Bank Credit Agreement") on September 12, 2011. In connection with the Charter Acquisition, the Deutsche Bank Credit Agreement was amended on January 13, 2012 and we terminated our existing credit agreement as well as Charter's outstanding indebtedness.

We entered into a Second and Third amendment to the Deutsche Bank Credit Agreement on February 22, 2013 and November 7, 2013, respectively, which, among other things, reallocated our borrowing capacities of the tranches of loans and reduced our interest rate margins when compared to the terms of the amended Deutsche Bank Credit Agreement on January 13, 2012. In conjunction with the 2013 amendments, we recorded a charge to Interest expense in the Consolidated Statement of Income for the year ended December 31, 2013 of $29.4 million to write-off certain deferred financing fees and original issue discount and expensed approximately $1.2 million of costs incurred in connection with the refinancing.

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

On June 5, 2015, we entered into the 2015 Deutsche Bank Credit Agreement. The proceeds of the loans under the 2015 Deutsche Bank Credit Agreement were used by us to repay in full balances under our preexisting Deutsche Bank Credit Agreement, as well as for working capital and general corporate purposes. The 2015 Deutsche Bank Credit Agreement consists of a term loan in an aggregate amount of $750.0 million (the "Term Loan") and a revolving credit facility (the "Revolver"), each of which matures in five years. The Revolver contains a $50.0 million swing line loan sub-facility.

On September 25, 2015, we entered into an Increase Agreement, as provided for under the terms of the 2015 Deutsche Bank Credit Agreement. Under the Increase Agreement, we increased the Revolver by $300.0 million, resulting in a total Revolver commitment under the 2015 Deutsche Bank Credit Agreement of $1.3 billion. The Term Loan and the Revolver bear interest, at the election of the Company, at either the base rate (as defined in the 2015 Deutsche Bank Credit Agreement) or the Eurocurrency rate (as defined in the 2015 Deutsche Bank Credit Agreement), in each case, plus the applicable interest rate margin.

The Term Loan and the Revolver bear interest, at the election of the Company, at either the base rate (as defined in the 2015 Deutsche Bank Credit Agreement) or the Eurocurrency rate (as defined in the 2015 Deutsche Bank Credit Agreement), in each case, plus the applicable interest rate margin. The Term Loan and the Revolver initially bear interest either at the Eurocurrency rate plus 1.50% or at the base rate plus 0.50% , and in future quarters will bear interest either at the Eurocurrency rate or the base rate plus the applicable interest rate margin based upon either, whichever results in the lower applicable interest rate margin (subject to certain exceptions), the Company's total leverage ratio and the corporate family rating of the Company as determined by Standard & Poor's and Moody's (ranging from 1.25% to 2.00% , in the case of the Eurocurrency margin, and 0.25% to 1.00% , in the case of the base rate margin). Swing line loans bear interest at the applicable rate, as specified under the terms of the 2015 Deutsche Bank Credit Agreement, based upon the currency borrowed.

In conjunction with the 2015 Deutsche Bank Credit Agreement, we recorded a charge to Interest expense in the Consolidated Statement of Income for the year ended December 31, 2015 of $4.7 million to write-off certain deferred financing fees and original issue discount and expensed approximately $0.4 million of costs incurred in connection with the refinancing of the 2015 Deutsche Bank Credit Agreement. The Company had an original issue discount of $7.5 million and deferred financing fees of $8.1 million included in its Consolidated Balance Sheet as of December 31, 2015, which will be accreted to Interest expense primarily using the effective interest method, over the life of the 2015 Deutsche Bank Credit Agreement. As of December 31, 2015, the weighted-average interest rate of borrowings under the 2015 Deutsche Bank Credit Agreement was 1.83%, excluding accretion of original issue discount and amortization of deferred financing fees, and there was $688.8 million available on the revolving credit facility.

We are also party to additional letter of credit facilities with total capacity of $718.8 million. Total letters of credit of $360.4 million were outstanding as of December 31, 2015.

On December 22, 2014, we entered into a receivables financing facility, pursuant to which we established a wholly owned, special purpose bankruptcy-remote subsidiary which purchases trade receivables from certain of our subsidiaries on an ongoing basis and pledges them to support its obligation as borrower under the receivables financing facility. This special purpose subsidiary has a separate legal existence from its parent and its assets are not available to satisfy the claims of creditors of the selling subsidiaries or any other member of the consolidated group. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the program limit. On December 21, 2015, the Company increased the receivables financing facility by $15 million to $95 million and extended the facility through December 20, 2016. As of December 31, 2015, the total outstanding borrowings under the receivables financing facility were $75.8 million and the interest rate was 1.2%. The scheduled termination date for the receivables financing facility may be extended from time to time. The facility contains representations, warranties, covenants and indemnities customary for facilities of this type. The facility does not contain any covenants that we view as materially constraining to the activities of our business.

Certain U.S. subsidiaries of the Company have agreed to guarantee the obligations of the Company under the 2015 Deutsche Bank Credit Agreement. The 2015 Deutsche Bank Credit Agreement contains customary covenants limiting the ability of the Company and its subsidiaries to, among other things, incur debt or liens, merge or consolidate with others, dispose of assets, make investments or pay dividends. In addition, the 2015 Deutsche Bank Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio, as defined therein, of not more than 3.5 to 1.0 and minimum interest coverage ratio, as defined therein, of 3.0 to 1.0, measured at the end of each quarter. The 2015 Deutsche Bank Credit Agreement contains various events of default (including failure to comply with the covenants under the 2015 Deutsche Bank Credit Agreement and related agreements) and upon an event of default the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the Term Loan and the Revolver. The Company is in compliance with all such covenants as of December 31, 2015. We believe that our sources of liquidity, including the 2015 Deutsche Bank Credit Agreement, are adequate to fund our operations for the next twelve months.

Cash Flows

As of December 31, 2015, we had $197.4 million of Cash and cash equivalents, a decrease of $108.0 million from $305.4 million as of December 31, 2014. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

	Year Ended December 31,		
	2015	2014	2013
	(In millions)		
Net cash provided by operating activities	$ 303.8	$ 385.8	$ 362.2
Purchases of fixed assets, net	(69.9)	(84.5)	(71.5)
Acquisitions, net of cash received	(196.0)	(948.8)	(372.5)
Loans to non-trade creditors	—	—	(31.0)
Other, net	18.9	3.2	—
Net cash used in investing activities	(247.0)	(1,030.1)	(475.0)
(Repayments of) proceeds from borrowings, net	(88.9)	90.9	(309.0)
Proceeds from issuance of common stock, net	6.1	613.9	324.2
Repurchases of common stock	(27.4)	—	—
Acquisition of shares held by noncontrolling interest	—	(10.3)	(14.9)
Preferred stock conversion inducement payment	—	(19.6)	—
Other uses	(21.1)	(24.9)	(45.4)
Net cash (used in) provided by financing activities	(131.3)	650.0	(45.1)
Effect of exchange rates on Cash and cash equivalents	(33.5)	(11.6)	(13.2)
Decrease in Cash and cash equivalents	$ (108.0)	$ (5.9)	$ (171.1)

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

- Net cash received or paid for asbestos-related costs, net of insurance proceeds, including the disposition of claims, defense costs and legal expenses related to litigation against our insurers, creates variability in our operating cash flows. We had net cash outflows of $22.7 million, $32.7 million and $39.6 million during 2015, 2014 and 2013, respectively.

- Funding requirements of our defined benefit plans, including pension plans and other post-retirement benefit plans, can vary significantly from period to period due to changes in the fair value of plan assets and actuarial assumptions. For 2015, 2014 and 2013 cash contributions for defined benefit plans were $44.1 million, $59.6 million and $46.9 million, respectively.

- During 2015, 2014 and 2013 cash payments of $57.7 million, $43.5 million and $47.3 million, respectively, were made related to our restructuring initiatives.

- Changes in net working capital also affected the operating cash flows for the periods presented. We define working capital as Trade receivables, net and Inventories, net reduced by Accounts payable. During 2015, net working capital decreased by $52.5 million due to improved collections in receivables, partially offset by a slight increase in inventory and decreases in payables. During 2014, net working capital increased by $16.7 million primarily due to seasonal increases in receivables and decreases in payables, partially offset by a decrease in inventory as we reduced the high inventory levels attributable to the Victor Acquisition, which reduced our cash flows from operating activities. During 2013, net working capital decreased by $110 million, primarily due to a decrease in inventory from our CBS initiatives and an increase in payables associated with the timing of year-end purchases partially offset by the seasonal increase in receivables, which increased our cash flows from operating activities.

Cash flows from investing activities during 2015 were impacted by the net cash outflows of $180.7 million associated with the Roots Acquisition and $15.3 million for the Simsmart acquisition. Cash flows from investing activities during 2014 were impacted by the net cash outflows of $948.8 million associated with the Victor Acquisition. During 2013, the acquisitions of GII, Clarus, ČKDK, TLT-Babcock, Alphair and Sicelub resulted in net cash outflows of $399.9 million.

Cash flows from financing activities during 2015 were impacted by the refinancing of the 2015 Deutsche Bank Credit Agreement further discussed under "—Borrowing Arrangements" above. Additionally, cash flows from financing activities during 2015 were impacted by the share repurchases discussed under "—Equity Capital".

Cash flows from financing activities during 2014 were impacted by the funding of the Victor Acquisition. The Victor Acquisition was funded through net proceeds of $610.4 million from the sale of newly issued Common stock and $338.4 million of borrowings under our Deutsche Bank Credit Agreement. Cash flows from financing activities during 2014 were also impacted by the conversion of the Series A Perpetual Convertible Preferred Stock further discussed above under "—Equity Capital." Cash flows from financing activities for 2013 were impacted by the amendments 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 were also impacted by acquisitions of shares of less than wholly owned subsidiaries. During 2014, cash flows from financing activities included the $10.3 million acquisition of the remaining ownership of Svel and Howden Middle East. During 2013, cash flows from financing activities included a $14.9 million acquisition of common and investment shares of Soldex resulting in an increase in our ownership of the subsidiary from approximately 91% to 99%.

Our Cash and cash equivalents as of December 31, 2015 included $186.9 million held in jurisdictions outside the U.S., which may be subject to tax penalties if repatriated into the U.S. and other restrictions.

Contractual Obligations

The following table summarizes our future contractual obligations as of December 31, 2015.

	Less Than One Year	1-3 Years	3-5 Years	More Than 5 Years	Total
			(In millions)		
Debt	$ 5.8	$ 9.1	$ 1,411.3	$ —	$ 1,426.2
Interest payments on debt[1]	27.6	54.9	38.9	—	121.4
Operating leases	32.1	35.4	26.5	47.3	141.3
Capital leases	2.0	0.3	0.1	0.2	2.6
Purchase obligations[2]	340.7	9.7	0.7	0.3	351.4
Total	$ 408.2	$ 109.4	$ 1,477.5	$ 47.8	$ 2,042.9

[1] Variable interest payments are estimated using a static rate of 1.83%.
[2] Excludes open purchase orders for goods or services that are provided on demand, the timing of which is not certain.

We have funding requirements associated with our pension and other post-retirement benefit plans as of December 31, 2015, which are estimated to be $34.9 million for the year ending December 31, 2016. Other long-term liabilities, such as those for asbestos and other legal claims, employee benefit plan obligations, deferred income taxes and liabilities for unrecognized income tax benefits, are excluded from the above table since they are not contractually fixed as to timing and amount.

On December 25, 2015, the mandatorily redeemable preferred stock of a subsidiary was redeemed and settled by offset of the outstanding loan payable to the Company by the holders of the mandatorily redeemable preferred stock.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that provide liquidity, capital resources, market or credit risk support that expose us to any liability that is not reflected in our Consolidated Financial Statements at December 31, 2015 other than outstanding letters of credit of $360.4 million, unconditional purchase obligations with suppliers of $351.4 million, and $141.3 million of future operating lease payments.

The Company and its subsidiaries have in the past divested certain of its businesses and assets. In connection with these divestitures, certain representations, warranties and indemnities were made to purchasers to cover various risks or unknown liabilities. We cannot estimate the potential liability, if any, that may result from such representations, warranties and indemnities because they relate to unknown and unexpected contingencies; however, we do not believe that any such liabilities will have a material adverse effect on our financial condition, results of operations or liquidity.

Critical Accounting Policies

The methods, estimates and judgments 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.

We believe the following accounting policies are the most critical in that they are important to the financial statements and they require the most difficult, subjective or complex judgments in the preparation of the financial statements. For a detailed discussion on the application of these and other accounting policies, see Note 2, "Summary of Significant Accounting Policies" in the accompanying Notes to Consolidated Financial Statements in this Form 10-K.

Asbestos Liabilities and Insurance Assets

Certain subsidiaries are each one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. Such components were acquired from third-party suppliers, and were not manufactured by any of the Company's subsidiaries nor were the subsidiaries producers or direct suppliers of asbestos. The manufactured products that are alleged to have contained asbestos generally were provided to meet the specifications of the subsidiaries' customers, including the U.S. Navy.

We have projected each subsidiary's future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is a standard approach used by experts and has been accepted by numerous courts. This methodology is based upon risk equations, exposed population estimates, mortality rates, and other demographic statistics. In applying the Nicholson methodology for each subsidiary we performed: (1) an analysis of the estimated population likely to have been exposed or claim to have been exposed to products manufactured by the subsidiaries based upon national studies undertaken of the population of workers believed to have been exposed to asbestos; (2) a review of epidemiological and demographic studies to estimate the number of potentially exposed people that would be likely to develop asbestos-related diseases in each year; (3) an analysis of the subsidiaries' recent claims history to estimate likely filing rates for these diseases and (4) an analysis of the historical asbestos liability costs to develop average values, which vary by disease type, jurisdiction and the nature of claim, to determine an estimate of costs likely to be associated with currently pending and projected asbestos claims. Our projections, based upon the Nicholson methodology, estimate both claims and the estimated cash outflows related to the resolution of such claims for periods up to and including the endpoint of asbestos studies referred to in item (2) above. It is our policy to record a liability for asbestos-related liability costs for the longest period of time that we can reasonably estimate. Accordingly, no accrual has been recorded for any costs which may be paid after the next 15 years.

Projecting future asbestos-related liability costs is subject to numerous variables that are difficult to predict, including, among others, the number of claims that might be received, the type and severity of the disease alleged by each claimant, the latency period associated with asbestos exposure, dismissal rates, costs of medical treatment, the financial resources of other companies that are co-defendants in the claims, funds available in post-bankruptcy trusts, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, including fluctuations in the timing of court actions and rulings, and the impact of potential changes in legislative or judicial standards, including potential tort reform. Furthermore, any projections with respect to these variables are subject to even greater uncertainty as the projection period lengthens. These trend factors have both positive and negative effects on the dynamics of asbestos litigation in the tort system and the related best estimate of our asbestos liability, and these effects do not move in linear fashion but rather change over multiple year periods. Accordingly, we monitor these trend factors over time and periodically assess whether an alternative forecast period is appropriate. Taking these factors into account and the inherent uncertainties, we believe that we can reasonably estimate the asbestos-related liability for pending and future claims that will be resolved in the next 15 years and have recorded that liability as our best estimate. While it is reasonably possible that the subsidiaries will incur costs after this period, we do not believe the reasonably possible loss or range of reasonably possible loss is estimable at the current time. Accordingly, no accrual has been recorded for any costs which may be paid after the next 15 years. Defense costs associated with asbestos-related liabilities as well as costs incurred related to litigation against the subsidiaries' insurers are expensed as incurred.

We assessed the subsidiaries' existing insurance arrangements and agreements, estimated the applicability of insurance coverage for existing and expected future claims, analyzed publicly available information bearing on the current creditworthiness and solvency of the various insurers, and employed such insurance allocation methodologies as we believed appropriate to ascertain the probable insurance recoveries for asbestos liabilities. The analysis took into account self-insurance retentions, policy exclusions, pending litigation, liability caps and gaps in coverage, existing and potential insolvencies of insurers as well as how legal and defense costs will be covered under the insurance policies.

Each subsidiary has separate insurance coverage acquired prior to our ownership of each independent entity. In our evaluation of the insurance asset, we use differing insurance allocation methodologies for each subsidiary based upon the applicable law pertaining to the affected subsidiary.

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 our financial condition, results of operations or cash flow.

See Note 15, "Commitments and Contingencies" in the accompanying Notes to Consolidated Financial Statements for additional information regarding our asbestos liabilities and insurance assets.

Retirement Benefits

Pension obligations and other post-retirement benefits are actuarially determined and are affected by several assumptions, including the discount rate, assumed annual rates of return on plan assets, and per capita cost of covered health care benefits. Changes in discount rate and differences from actual results for each assumption will affect the amounts of pension expense and other post-retirement expense recognized in future periods. These assumptions may also have an effect on the amount and timing of future cash contributions. See Note 13, "Defined Benefit Plans" in the accompanying Notes to Consolidated Financial Statements for further information.

Impairment of Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the costs in excess of the fair value of net assets acquired associated with our acquisitions.

We evaluate the recoverability of Goodwill and indefinite-lived intangible assets annually or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and indefinite-lived intangible assets are considered to be impaired when the net book value of a reporting unit or asset exceeds its implied fair value.

In the evaluation of Goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting entity is less than its carrying value. If we determine that it is not more likely than not for a reporting unit's fair value to be less than its carrying value, a calculation of the fair value is not performed. If we determine that it is more likely than not for a reporting unit's fair value to be less than its carrying value, a calculation of the reporting entity's fair value is performed and compared to the carrying value of that entity. In certain instances, we may skip the qualitative assessment and proceed directly to the first step of the quantitative impairment test. If the carrying value of a reporting unit exceeds its fair value, Goodwill of that reporting unit is potentially impaired and step two of the impairment analysis is performed. In step two of the analysis, an impairment loss is recorded equal to the excess of the carrying value of the reporting unit's Goodwill over its implied fair value should such a circumstance arise.

We measure fair value of reporting units based on a present value of future discounted cash flows and a market valuation approach. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that the reporting units are expected to generate in the future. Significant estimates in the discounted cash flows model include: the weighted average cost of capital; long-term rate of growth and profitability of our business; and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison of the Company against certain market information. Significant estimates in the market approach model include identifying appropriate market multiples and assessing earnings before interest, income taxes, depreciation and amortization in estimating the fair value of the reporting units.

During 2015, based on the results of the qualitative assessment for each reporting unit, we concluded based on a preponderance of positive indicators and the weight of such indicators that the fair values of our Fluid Handling, Howden Compressors and Howden Heavy Fans & Heaters reporting units are more likely than not greater than their respective carrying amounts and as a result, quantitative analyses would not be needed. Therefore, no further testing of goodwill for impairment was performed for these reporting units.

For our Fabrication Technology reporting unit, we noted unfavorable domestic and international economic trends, particularly trading volumes, which are driven by overall macroeconomic conditions within the welding industry. As such, we did not perform a qualitative assessment of goodwill for our Fabrication Technology reporting unit and proceeded directly to performing the first step of the two-step quantitative goodwill impairment test for 2015. Our quantitative impairment assessment of Goodwill associated with the Fabrication Technology reporting unit, based on the methodologies identified above, resulted in a calculated fair value that exceeded the carrying value of the reporting unit. Although we believe our calculated fair value exceeds the carrying value of the reporting unit by a reasonably sufficient amount, future deterioration in our performance or continued decline in demand from the fabrication technology end markets that we serve could result in a lower projected fair value in future periods.

The annual Goodwill impairment analysis performed as of September 26, 2015, September 27, 2014 and September 28, 2013 indicated no impairment to be present.

In the evaluation of indefinite-lived intangible assets for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying value. If we determine that it is not more likely than not for the indefinite-lived intangible asset's fair value to be less than its carrying value, a calculation of the fair value is not performed. If we determine that it is more likely than not that the indefinite-lived intangible asset's fair value is less than its carrying value, a calculation is performed and compared to the carrying value of the asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. We measure the fair value of our indefinite-lived intangible assets using the "relief from royalty" method. Significant estimates in this approach include projected revenues and royalty and discount rates for each trade name evaluated.

From time-to-time, we have identified certain indefinite-lived intangible assets that, due to indicators present at the specific operation associated with the indefinite-lived intangible asset, should be tested for impairment prior to our annual impairment evaluation. During 2015, an analysis was performed to evaluate certain intangible assets related to a specific operation within the Company due to a decline in anticipated performance at the operation associated with those assets. The analysis determined an indefinite-lived trade name within the Company's fabrication technology segment was impaired based upon relief from royalty measurements and resulted in a $1.5 million impairment loss calculated as the difference between the fair value of the asset and its carrying value as of the date of the impairment test. The impairment loss was included in Selling, general and administrative expense in the Consolidated Statement of Income for 2015.

During 2014, an analysis was performed on a trade name related to a specific operation within the gas- and fluid-handling segment prior to the annual impairment analysis due to the decision to substantially reduce its operations. The analysis determined the trade name was no longer recoverable based upon relief from royalty measurements and resulted in a $2.9 million impairment loss included in Selling, general and administrative expense in the Consolidated Statement of Income for 2014.

The annual impairment analysis performed as of September 26, 2015, September 27, 2014 and September 28, 2013 indicated no impairment to be present, except for $0.2 million of impairment loss related to an indefinite-lived intangible asset included in the gas- and fluid-handling segment for the year ended December 31, 2013. This impairment results from a decline in anticipated revenue related to this asset. The impairment loss is included in Selling, general and administrative expense in the accompanying Consolidated Statement of Income and was calculated as the difference between the fair value of the asset under the relief from royalty method and its carrying value as of the date of the impairment test. See Note 2, "Summary of Significant Accounting Policies" in the accompanying Notes to Consolidated Financial Statements for further information.

Continuation of the decline in oil prices increases the risk of impairments next year. Actual results could differ from our estimates and projections, which would also affect the assessment of impairment. As of December 31, 2015, we have Goodwill of $2.8 billion and indefinite lived trade names of $395.3 million that are subject to at least annual review for impairment. See Note 7, "Goodwill and Intangible Assets" in the accompanying Notes to Consolidated Financial Statements for further information.

Income Taxes

We account for income taxes under the asset and liability method, which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, we take into account various factors, including the expected level of future taxable income and available tax planning strategies. If actual results differ from the assumptions made in the evaluation of our valuation allowance, we record a change in valuation allowance through income tax expense in the period such determination is made.

Accounting Standards Codification 740, "Income Taxes" prescribes a recognition threshold and measurement attribute for a position taken in a tax return. Under this standard, we must presume the income tax position will be examined by a relevant tax authority and determine whether it is more likely than not that the income tax position will be sustained upon examination based on its technical merits. An income tax position that meets the more-likely-than-not recognition threshold is then measured to determine the amount of the benefit to be recognized in the financial statements. Liabilities for unrecognized income tax benefits are reviewed periodically and are adjusted as events occur that affect our estimates, such as the availability of new information, the lapsing of applicable statutes of limitations, the conclusion of tax audits and, if applicable, the conclusion of any court proceedings. To the extent we prevail in matters for which liabilities for unrecognized tax benefits have been established or are required to pay amounts in excess of our liabilities for unrecognized tax benefits, our effective income tax rate in a given period could be materially affected. The Company recognizes interest and penalties related to unrecognized tax benefits in the Provision for (benefit from) income taxes in the Consolidated Statements of Income. Net liabilities for unrecognized income tax benefits, including accrued interest and penalties, were $52.8 million as of December 31, 2015 and are included in Other liabilities in the accompanying Consolidated Balance Sheet.

Revenue Recognition

We recognize revenue and costs from product sales when title passes to the buyer and all of the following criteria are met: persuasive evidence of an arrangement exists, the price is fixed or determinable, product delivery has occurred or services have been rendered, there are no further obligations to customers, and collectibility is probable. Product delivery occurs when title and risk of loss transfer to the customer. Our shipping terms vary based on the contract. If any significant obligations to the customer with respect to such sale remain to be fulfilled following shipment, typically involving obligations relating to installation and acceptance by the buyer, revenue recognition is deferred until such obligations have been fulfilled. Any customer allowances and discounts are recorded as a reduction in reported revenues at the time of sale because these allowances reflect a reduction in the sales price for the products sold. These allowances and discounts are estimated based on historical experience and known trends. Revenue related to service agreements is recognized as revenue over the term of the agreement.

We recognize revenue and cost of sales on gas-handling long-term contracts using the "percentage of completion method" in accordance with GAAP. Under this method, contract revenues are recognized over the performance period of the contract in direct proportion to the costs incurred as a percentage of total estimated costs for the entirety of the contract. Any recognized revenues that have not been billed to a customer are recorded as a component of Trade receivables and any billings of customers in excess of recognized revenues are recorded as a component of Accounts payable. As of December 31, 2015, there were $149.5 million of revenues in excess of billings and $146.3 million of billings in excess of revenues on long-term contracts in the Consolidated Balance Sheet.

We have contracts in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Significant management judgments and estimates, including estimated costs to complete projects, must be made and used in connection with revenue recognized during each period. Current estimates may be revised as additional information becomes available. The revisions are recorded in income in the period in which they are determined using the cumulative catch-up method of accounting.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. These allowances are based on recent trends of certain customers estimated to be a greater credit risk as well as general trends of the entire pool of customers. The allowance for doubtful accounts was $39.5 million and $27.3 million as of December 31, 2015 and 2014, respectively. The current year increase was primarily driven by an increase in the allowance for doubtful accounts of specific South American customers of $9.4 million. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances could be required.

Recently Issued Accounting Pronouncements

For detailed information regarding recently issued accounting pronouncements and the expected impact on our financial statements, see Note 3, "Recently Issued Accounting Pronouncements" in the accompanying Notes to Consolidated Financial Statements included in this Form 10-K.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

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

Interest Rate Risk

We are subject to exposure from changes in short-term interest rates related to interest payments on our borrowing arrangements. Under the 2015 Deutsche Bank Credit Agreement, substantially all of our borrowings as of December 31, 2015 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 2015 would have increased Interest expense by approximately $14.8 million.

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 2015, approximately 72% of our sales were derived from operations outside the U.S. We have significant manufacturing operations in European countries that are not part of the Eurozone. Sales revenues are more highly weighted toward the Euro and U.S. dollar. We also have significant contractual obligations in U.S. dollars that are met with cash flows in other currencies as well as U.S. dollars. To better match revenue and expense as well as cash needs from contractual liabilities, we regularly enter into cross currency swaps and forward contracts.

We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries. The Euro denominated borrowings under the 2015 Deutsche Bank Credit Agreement provide a natural hedge to a portion of our European net asset position. The effect of a change in currency exchange rates on our net investment in international subsidiaries, net of the translation effect of the Company's Euro denominated borrowings, is reflected in the Accumulated other comprehensive loss component of Equity. A 10% depreciation in major currencies, relative to the U.S. dollar as of December 31, 2015 (net of the translation effect of our Euro denominated borrowings) would result in a reduction in Equity of approximately $300 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.

We have generally accepted the exposure to exchange rate movements in the translation of our financial statements into U.S. dollars 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 December 31, 2015, our open commodity futures contracts were not material.

See Note 14, "Financial Instruments and Fair Value Measurements" in the accompanying Notes to Consolidated Financial Statements included in this Form 10-K for additional information regarding our derivative instruments.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Internal Control Over Financial Reporting

The Board of Directors and Shareholders of Colfax Corporation

We have audited Colfax Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Colfax Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Item 9A, Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Colfax Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Colfax Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2015 of Colfax Corporation and our report dated February 16, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Baltimore, Maryland
February 16, 2016

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

The Board of Directors and Shareholders of Colfax Corporation

We have audited the accompanying consolidated balance sheets of Colfax Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule referred to in the Index at Item 15(A)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Colfax Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Colfax Corporation’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 16, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Baltimore, Maryland
February 16, 2016

COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Dollars in thousands, except per share amounts

	Year Ended December 31,		
	2015	**2014**	**2013**
Net sales	$ 3,967,053	$ 4,624,476	$ 4,207,209
Cost of sales	2,715,279	3,145,631	2,900,987
Gross profit	1,251,774	1,478,845	1,306,222
Selling, general and administrative expense	905,952	1,011,171	864,328
Restructuring and other related charges	61,177	58,121	35,502
Operating income	284,645	409,553	406,392
Interest expense	47,743	51,305	103,597
Income before income taxes	236,902	358,248	302,795
Provision for (benefit from) income taxes	49,724	(62,025)	93,652
Net income	187,178	420,273	209,143
Less: income attributable to noncontrolling interest, net of taxes	19,439	28,175	30,515
Net income attributable to Colfax Corporation	167,739	392,098	178,628
Dividends on preferred stock	—	2,348	20,396
Preferred stock conversion inducement payment	—	19,565	—
Net income available to Colfax Corporation common shareholders	$ 167,739	$ 370,185	$ 158,232
Net income per share- basic	$ 1.35	$ 3.06	$ 1.56
Net income per share- diluted	$ 1.34	$ 3.02	$ 1.54

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2015	2014	2013
Net income	$ 187,178	$ 420,273	$ 209,143
Other comprehensive (loss) income:			
Foreign currency translation, net of tax of $751, $1,885 and $(3,634)	(317,909)	(356,243)	6,210
Unrealized gain (loss) on hedging activities, net of tax of $19,349, $4,141 and $404	11,659	30,404	(10,404)
Changes in unrecognized pension and other post-retirement benefit cost, net of tax of $6,373, $(20,117) and $575	29,323	(89,920)	77,071
Changes in deferred tax related to pension and other post-retirement benefit cost	3,817	1,934	—
Amounts reclassified from Accumulated other comprehensive loss:			
Net pension and other post-retirement benefit cost, net of tax of $3,859, $2,063 and $715	7,300	5,282	10,022
Other comprehensive (loss) income	(265,810)	(408,543)	82,899
Comprehensive (loss) income	(78,632)	11,730	292,042
Less: comprehensive (loss) income attributable to noncontrolling interest	(3,347)	15,781	13,039
Comprehensive (loss) income attributable to Colfax Corporation	$ (75,285)	$ (4,051)	$ 279,003

See Notes to Consolidated Financial Statements.

COLFAX CORPORATION
CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share amounts

	December 31,	
	2015	**2014**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 197,469	$ 305,448
Trade receivables, less allowance for doubtful accounts of $39,505 and $27,256	888,166	1,029,150
Inventories, net	420,386	442,732
Other current assets	253,744	296,948
Total current assets	1,759,765	2,074,278
Property, plant and equipment, net	644,536	727,435
Goodwill	2,817,687	2,873,023
Intangible assets, net	995,712	1,043,583
Other assets	515,219	493,198
Total assets	$ 6,732,919	$ 7,211,517
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 5,792	$ 9,855
Accounts payable	718,893	780,287
Accrued liabilities	391,659	489,983
Total current liabilities	1,116,344	1,280,125
Long-term debt, less current portion	1,411,755	1,526,955
Other liabilities	948,264	1,051,993
Total liabilities	3,476,363	3,859,073
Equity:		
Common stock, $0.001 par value; 400,000,000 shares authorized; 123,486,425 and 123,730,578 issued and outstanding	123	124
Additional paid-in capital	3,199,267	3,200,832
Retained earnings	557,300	389,561
Accumulated other comprehensive loss	(686,715)	(443,691)
Total Colfax Corporation equity	3,069,975	3,146,826
Noncontrolling interest	186,581	205,618
Total equity	3,256,556	3,352,444
Total liabilities and equity	$ 6,732,919	$ 7,211,517

See Notes to Consolidated Financial Statements.

COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
Dollars in thousands, except share amounts and as noted

	Common Stock		Preferred Stock						
	Shares	**$ Amount**	**Shares**	**$ Amount**	**Additional Paid-In Capital**	**(Accumulated Deficit) Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling 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	—	—	—	—	—	178,628	—	30,515	209,143
Distributions to noncontrolling owners	—	—	—	—	—	—	—	(14,260)	(14,260)
Acquisition of shares held by noncontrolling interest	—	—	—	—	955	—	(381)	(15,487)	(14,913)
Preferred stock dividend	—	—	—	—	—	(20,396)	—	—	(20,396)
Other comprehensive income (loss), net of tax of $(1.9) million	—	—	—	—	—	—	100,375	(17,476)	82,899
Common stock issuances, net of costs of $12.0 million	7,500,000	8	—	—	319,890	—	—	—	319,898
Common stock-based award activity	265,995	—	—	—	17,589	—	—	—	17,589
Contribution to defined benefit pension plan	88,200	—	—	—	4,877	—	—	—	4,877
Balance at December 31, 2013	101,921,613	102	13,877,552	14	2,541,005	19,376	(46,600)	227,226	2,741,123
Net income	—	—	—	—	—	392,098	—	28,175	420,273
Distributions to noncontrolling owners	—	—	—	—	—	—	—	(12,007)	(12,007)
Acquisition of shares held by noncontrolling interest	—	—	—	—	15,986	—	(942)	(25,382)	(10,338)
Preferred stock dividend	—	—	—	—	—	(2,348)	—	—	(2,348)
Preferred stock conversion	12,173,291	12	(13,877,552)	(14)	2	(19,565)	—	—	(19,565)
Other comprehensive loss, net of tax of $(13.8) million and $(0.2) million	—	—	—	—	—	—	(396,149)	(12,394)	(408,543)
Common stock issuance, net of costs of $22.1 million	9,200,000	9	—	—	610,354	—	—	—	610,363
Common stock-based award activity	252,674	—	—	—	21,636	—	—	—	21,636
Contribution to defined benefit pension plan	183,000	1	—	—	11,849	—	—	—	11,850
Balance at December 31, 2014	123,730,578	124	—	—	3,200,832	389,561	(443,691)	205,618	3,352,444
Net income	—	—	—	—	—	167,739	—	19,439	187,178
Distributions to noncontrolling owners	—	—	—	—	—	—	—	(15,690)	(15,690)
Other comprehensive loss, net of tax of $(26.2) million and $(0.4) million	—	—	—	—	—	—	(243,024)	(22,786)	(265,810)
Stock repurchase	(986,279)	(1)	—	—	(27,366)	—	—	—	(27,367)
Common stock-based award activity	676,126	—	—	—	22,373	—	—	—	22,373
Contribution to defined benefit pension plan	66,000	—	—	—	3,428	—	—	—	3,428
Balance at December 31, 2015	123,486,425	$ 123	—	$ —	$ 3,199,267	$ 557,300	$ (686,715)	$ 186,581	$ 3,256,556

See Notes to Consolidated Financial Statements.

COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 187,178	$ 420,273	$ 209,143
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment charges	154,542	174,724	119,258
Stock-based compensation expense	16,321	17,580	13,334
Non-cash interest expense	10,101	9,094	44,377
Gain on revaluation of Sicelub investment	—	—	(13,784)
Deferred income tax (benefit) provision	(22,717)	(139,488)	9,946
Changes in operating assets and liabilities, net of acquisitions:			
Trade receivables, net	64,048	(19,916)	(98,912)
Inventories, net	(390)	57,847	79,987
Accounts payable	(11,184)	(54,666)	128,889
Changes in other operating assets and liabilities	(94,086)	(79,690)	(130,069)
Net cash provided by operating activities	303,813	385,758	362,169
Cash flows from investing activities:			
Purchases of fixed assets	(69,877)	(84,458)	(71,482)
Acquisitions, net of cash received	(196,007)	(948,800)	(372,476)
Loans to non-trade creditors	—	—	(31,012)
Other, net	18,927	3,115	—
Net cash used in investing activities	(246,957)	(1,030,143)	(474,970)
Cash flows from financing activities:			
Borrowings under term credit facility	750,000	150,000	50,861
Payments under term credit facility	(1,232,872)	(15,542)	(679,755)
Proceeds from borrowings on revolving credit facilities and other	1,498,039	1,370,626	648,000
Repayments of borrowings on revolving credit facilities and other	(1,104,055)	(1,414,146)	(328,133)
Proceeds from issuance of common stock, net	6,052	613,927	324,153
Repurchases of common stock	(27,367)	—	—
Acquisition of shares held by noncontrolling interest	—	(10,338)	(14,913)
Preferred stock conversion inducement payment	—	(19,565)	—
Payments of dividend on preferred stock	—	(3,853)	(20,396)
Other	(21,066)	(21,060)	(24,870)
Net cash (used in) provided by financing activities	(131,269)	650,049	(45,053)
Effect of foreign exchange rates on Cash and cash equivalents	(33,566)	(11,517)	(13,294)
Decrease in Cash and cash equivalents	(107,979)	(5,853)	(171,148)
Cash and cash equivalents, beginning of period	305,448	311,301	482,449
Cash and cash equivalents, end of period	$ 197,469	$ 305,448	$ 311,301
Supplemental Disclosure of Cash Flow Information:			
Interest payments	$ 36,363	$ 42,041	$ 58,970
Income tax payments, net	79,540	82,694	93,856

See Notes to Consolidated Financial Statements.

1. Organization and Nature of Operations

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.

During the year ended December 31, 2015, adjustments were made retrospectively to provisional amounts recorded as of December 31, 2014, primarily due to the Company’s valuation of specific items related to an acquisition that occurred in the three months ended June 27, 2014. See Note 4, “Acquisitions” for additional information regarding these adjustments.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Company’s Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Less than wholly owned subsidiaries, including joint ventures, are consolidated when it is determined that the Company has a controlling financial interest, which is generally determined when the Company holds a majority voting interest. When protective rights, substantive rights or other factors exist, further analysis is performed in order to determine whether or not there is a controlling financial interest. The Consolidated Financial Statements reflect the assets, liabilities, revenues and expenses of consolidated subsidiaries and the noncontrolling parties’ ownership share is presented as a noncontrolling interest. All significant intercompany accounts and transactions have been eliminated.

Equity Method Investments

Investments in joint ventures, where the Company has a significant influence but not a controlling interest, are accounted for using the equity method of accounting. Investments accounted for under the equity method are initially recorded at the amount of the Company’s initial investment and adjusted each period for the Company’s share of the investee’s income or loss and dividends paid. All equity investments are reviewed periodically for indications of other than temporary impairment, including, but not limited to, significant and sustained decreases in quoted market prices or a series of historic and projected operating losses by investees. If the decline in fair value is considered to be other than temporary, an impairment loss is recorded and the investment is written down to a new carrying value. Investments in joint ventures acquired in a business combination are recognized in the opening balance sheet at fair value.

Revenue Recognition

The Company generally recognizes revenues and costs from product sales when title passes to the buyer and all of the following criteria are met: persuasive evidence of an arrangement exists, the price is fixed or determinable, product delivery has occurred or services have been rendered, there are no further obligations to customers, and collectibility is reasonably assured. Product delivery occurs when title and risk of loss transfer to the customer. The Company’s shipping terms vary based on the contract. If any significant obligations to the customer with respect to such sale remain to be fulfilled following shipments, typically involving obligations relating to installation and acceptance by the buyer, revenue recognition is deferred until such obligations have been fulfilled. Any customer allowances and discounts are recorded as a reduction in reported revenues at the time of sale because these allowances reflect a reduction in the sales price for the products sold. These allowances and discounts are estimated based on historical experience and known trends. Revenue related to service agreements is recognized as revenue over the term of the agreement. Progress billings are generally shown as a reduction of Inventories, net unless such billings are in excess of accumulated costs, in which case such balances are included in Accrued liabilities in the Consolidated Balance Sheets.

The Company recognizes revenue and cost of sales on gas-handling long-term contracts using the “percentage of completion method” in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Under this method, contract revenues are recognized over the performance period of the contract in direct proportion to the costs incurred as a percentage of total estimated costs for the entirety of the contract. Any recognized revenues that have not been billed to a customer are recorded as a component of Trade receivables and any billings of customers in excess of recognized revenues are recorded as a component of Accounts payable. As of December 31, 2015, there were $149.5 million of revenues in excess of billings and $146.3 million of billings in excess of revenues on long-term contracts in the Consolidated Balance Sheet. As of December 31, 2014, there were $190.7 million of revenues in excess of billings and $175.3 million of billings in excess of revenues on long-term contracts in the Consolidated Balance Sheet.

The Company has contracts in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Significant management judgments and estimates, including estimated costs to complete projects, must be made and used in connection with revenue recognized during each period. Current estimates may be revised as additional information becomes available. The revisions are recorded in income in the period in which they are determined using the cumulative catch-up method of accounting. See Note 16, “Segment Information” for sales by major product group.

Amounts billed for shipping and handling are recorded as revenue. Shipping and handling expenses are recorded as a component of Cost of sales.

Taxes Collected from Customers and Remitted to Governmental Authorities

The Company collects various taxes and fees as an agent in connection with the sale of products and remits these amounts to the respective taxing authorities. These taxes and fees have been presented on a net basis in the Consolidated Statements of Income and are recorded as a component of Accrued liabilities in the Consolidated Balance Sheets until remitted to the respective taxing authority.

Research and Development Expense

Research and development costs of $41.5 million, $43.0 million and $27.4 million for the years ended December 31, 2015, 2014 and 2013, respectively, are expensed as incurred and are included in Selling, general and administrative expense in the Consolidated Statements of Income.

Advertising Costs

Advertising costs of $14.5 million, $18.2 million and $17.0 million for the years ended December 31, 2015, 2014 and 2013, respectively, are expensed as incurred and are included in Selling, general and administrative expense in the Consolidated Statements of Income.

Cash and Cash Equivalents

Cash and cash equivalents include all financial instruments purchased with an initial maturity of three months or less.

Trade Receivables

Trade receivables are presented net of an allowance for doubtful accounts. The Company records an allowance for doubtful accounts based upon estimates of amounts deemed uncollectible and a specific review of significant delinquent accounts factoring in current and expected economic conditions. Estimated losses are based on historical collection experience, and are reviewed periodically by management. During the year ended December 31, 2015, the Company recorded an increase in the allowance for doubtful accounts of specific South American customers of $9.4 million.

Inventories

Inventories, net include the cost of material, labor and overhead and are stated at the lower of cost (determined under various methods including average cost, last-in, first-out and first-in, first-out, but predominantly first-in, first-out) or market. For gas-handling long-term contracts, cost is primarily determined based upon actual cost. The Company periodically reviews its quantities of inventories on hand and compares these amounts to the expected usage of each particular product. The Company records as a charge to Cost of sales any amounts required to reduce the carrying value of inventories to net realizable value.

Property, Plant and Equipment

Property, plant and equipment, net are stated at historical cost, which includes the fair values of such assets acquired. Depreciation of property, plant and equipment is recorded on a straight-line basis over estimated useful lives. Assets recorded under capital leases are amortized over the shorter of their estimated useful lives or the lease terms, which range from three to 15 years. Repair and maintenance expenditures are expensed as incurred unless the repair extends the useful life of the asset.

Impairment of Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the costs in excess of the fair value of net assets acquired associated with acquisitions by the Company. Indefinite-lived intangible assets consist of trade names.

The Company evaluates the recoverability of Goodwill and indefinite-lived intangible assets annually or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and indefinite-lived intangible assets are considered to be impaired when the net book value of a reporting unit or asset exceeds its implied fair value.

In the evaluation of Goodwill for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting entity is less than its carrying value. If the Company determines that it is not more likely than not for a reporting unit’s fair value to be less than its carrying value, a calculation of the fair value is not performed. If the Company determines that it is more likely than not for a reporting unit’s fair value to be less than its carrying value, a calculation of the reporting entity’s fair value is performed and compared to the carrying value of that entity. In certain instances, the Company may skip the qualitative assessment and proceed directly to the first step of the quantitative impairment test. If the carrying value of a reporting unit exceeds its fair value, Goodwill of that reporting unit is potentially impaired and step two of the impairment analysis is performed. In step two of the analysis, an impairment loss is recorded equal to the excess of the carrying value of the reporting unit’s Goodwill over its implied fair value should such a circumstance arise.

The Company measures fair value of reporting units based on a present value of future discounted cash flows and a market valuation approach. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that the reporting units are expected to generate in the future. Significant estimates in the discounted cash flows model include: the weighted average cost of capital; long-term rate of growth and profitability of our business; and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison of the Company against certain market information. Significant estimates in the market approach model include identifying appropriate market multiples and assessing earnings before interest, income taxes, depreciation and amortization in estimating the fair value of the reporting units.

Based on the results of the qualitative assessment for each reporting unit performed as of September 26, 2015, the Company concluded based on a preponderance of positive indicators and the weight of such indicators that the fair values of our Fluid Handling, Howden Compressors and Howden Heavy Fans & Heaters reporting units are more likely than not greater than their respective carrying amounts and as a result, quantitative analyses would not be needed. Therefore, no further testing of goodwill for impairment was performed for these reporting units.

For the Fabrication Technology reporting unit, the Company noted unfavorable domestic and international economic trends, particularly trading volumes, which are driven by overall macroeconomic conditions within the welding industry. As such, the Company did not perform a qualitative assessment of goodwill for the Fabrication Technology reporting unit and proceeded directly to performing the first step of the two-step quantitative goodwill impairment test for the annual impairment analysis performed as of September 26, 2015. The Company’s quantitative impairment assessment of Goodwill associated with the Fabrication Technology reporting unit, based on the methodologies identified above, resulted in a calculated fair value that exceeded the carrying value of the reporting unit.

The annual Goodwill impairment analysis performed as of September 26, 2015, September 27, 2014 and September 28, 2013 indicated no impairment to be present.

In the evaluation of indefinite-lived intangible assets for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying value. If the Company determines that it is not more likely than not for the indefinite-lived intangible asset’s fair value to be less than its carrying value, a calculation of the fair value is not performed. If the Company determines that it is more likely than not that the indefinite-lived intangible asset’s fair value is less than its carrying value, a calculation is performed and compared to the carrying value of the asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The Company measures the fair value of our indefinite-lived intangible assets using the “relief from royalty” method. Significant estimates in this approach include projected revenues and royalty and discount rates for each trade name evaluated.

From time-to-time, the Company has identified certain indefinite-lived intangible assets that, due to indicators present at the specific operation associated with the indefinite-lived intangible asset, should be tested for impairment prior to the annual impairment evaluation. During the three months ended September 25, 2015, an analysis was performed to evaluate certain intangible assets related to a specific operation within the Company due to a decline in anticipated performance at the operation associated with those assets. The analysis determined an indefinite-lived trade name within the Company's fabrication technology segment was impaired based upon relief from royalty measurements and resulted in a $1.5 million impairment loss calculated as the difference between the fair value of the asset and its carrying value as of the date of the impairment test. The impairment loss was included in Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2015. The calculated fair value of the asset was $2.8 million and is included in Level Three of the fair value hierarchy.

During the year ended December 31, 2014, prior to the annual impairment evaluation, an analysis was performed to evaluate an indefinite-lived intangible asset related to a specific operation within the gas- and fluid-handling segment due to the decision to substantially reduce its operations. The analysis determined the indefinite-lived intangible asset, consisting of a trade name, was no longer recoverable based upon relief from royalty measurements and resulted in a $2.9 million impairment loss included in Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2014.

The analyses performed as of September 26, 2015, September 27, 2014 and September 28, 2013 resulted in no impairment charges, except for $0.2 million of an impairment loss related to an indefinite-lived intangible asset included in the gas- and fluid-handling segment for the year ended December 31, 2013. This impairment resulted from a decline in anticipated revenue related to this asset. The impairment loss is included in Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2013 and was calculated as the difference between the fair value of the asset under the relief from royalty method and its carrying value as of the date of the impairment test.

Impairment of Long-Lived Assets Other than Goodwill and Indefinite-Lived Intangible Assets

Intangibles primarily represent acquired customer relationships, acquired order backlog, acquired technology and software license agreements. Acquired order backlog is amortized in the same period the corresponding revenue is recognized. A portion of the Company's acquired customer relationships is being amortized on an accelerated basis over periods ranging from seven to 30 years based on the present value of the future cash flows expected to be generated from the acquired customers. All other intangibles are being amortized on a straight-line basis over their estimated useful lives, generally ranging from two to 20 years.

The Company assesses its long-lived assets other than Goodwill and indefinite-lived intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be fully recoverable. To analyze recoverability, the Company projects undiscounted net future cash flows over the remaining lives of such assets. If these projected cash flows are less than the carrying amounts, an impairment loss would be recognized, resulting in a write-down of the assets with a corresponding charge to earnings. The impairment loss is measured based upon the difference between the carrying amounts and the fair values of the assets. Assets to be disposed of are reported at the lower of the carrying amounts or fair value less cost to sell. Management determines fair value using the discounted cash flow method or other accepted valuation techniques.

During the year ended December 31, 2015, an analysis was performed to evaluate certain long-lived intangible assets related to a specific operation within the gas- and fluid-handling segment due to a decline in projected cash flows associated with the asset group. The analysis determined the customer relationship finite-lived, intangible asset was impaired. The impairment was calculated as the difference between the fair value of the remaining expected future cash flows to be generated from the asset and its carrying value as of the measurement date. The $1.7 million impairment loss was included in Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2015. Subsequent to the impairment, the fair value of the asset was $0.8 million, which is included in Level Three of the fair value hierarchy and is not material to the Consolidated Financial Statements.

In addition, an analysis was performed during the year ended December 31, 2014 to evaluate certain long-lived intangible assets related to a specific operation within the gas- and fluid-handling segment due to the decision to substantially reduce its operations. The analysis determined the long-lived intangible assets, primarily consisting of acquired customer relationships and acquired technology, were no longer recoverable based upon projected undiscounted net cash flows. Further, as a result of management's evaluation of projected cash flows related to another operation within the gas-and fluid-handling segment, an analysis was performed to evaluate the long-lived intangible assets related to that operation. The analysis determined certain long-lived intangible assets, primarily consisting of acquired customer relationships, were impaired. The impairment was calculated as the difference between the fair value of the remaining expected future cash flows to be generated from the asset group and its carrying value as of the measurement date. The Company recorded $10.5 million of intangible asset impairment losses related to these two operations as a component of Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2014. The fair value of these assets of $3.3 million as of December 31, 2014 are included in Level Three of the fair value hierarchy and are not material to the Consolidated Financial Statements.

The Company recorded asset impairment losses related to facility closures totaling $9.3 million, $4.6 million and $1.9 million during the years ended December 31, 2015, 2014 and 2013, respectively, as a component of Restructuring and other related charges in the Consolidated Statements of Income. The aggregate carrying value of these assets subsequent to impairment was $21.1 million, $15.1 million and $4.9 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Derivatives

The Company is subject to foreign currency risk associated with the translation of the net assets of foreign subsidiaries to United States ("U.S.") dollars on a periodic basis. The Company's 2015 Deutsche Bank Credit Agreement (as defined and further discussed in Note 10, "Debt") includes debt denominated in the Euro of €263.5 million as of December 31, 2015, which has been designated as a net investment hedge in order to mitigate a portion of this risk.

Derivative instruments are generally recognized on a gross basis in the Consolidated Balance Sheets in either Other current assets, Other assets, Accrued liabilities or Other liabilities depending upon their respective fair values and maturity dates. The Company designates a portion of its foreign exchange contracts as cash flow hedges and fair value hedges. For all instruments designated as hedges, including net investment hedges, cash flow hedges and fair value hedges, the Company formally documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for using the hedging instrument. The Company assesses whether the relationship between the hedging instrument and the hedged item is highly effective at offsetting changes in the fair value both at inception of the hedging relationship and on an ongoing basis. For cash flow hedges and net investment hedges, unrealized gains and losses are recognized as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets to the extent that it is effective at offsetting the change in the fair value of the hedged item and realized gains and losses are recognized in the Consolidated Statements of Income consistent with the underlying hedged instrument. Gains and losses related to fair value hedges are recorded as an offset to the fair value of the underlying asset or liability, primarily Trade receivables and Accounts payable in the Consolidated Balance Sheets.

The Company does not enter into derivative contracts for trading purposes.

See Note 14, "Financial Instruments and Fair Value Measurements" for additional information regarding the Company's derivative instruments.

Warranty Costs

Estimated expenses related to product warranties are accrued as the revenue is recognized on products sold to customers and included in Cost of sales in the Consolidated Statements of Income. Estimates are established using historical information as to the nature, frequency, and average costs of warranty claims.

The activity in the Company's warranty liability, which is included in Accrued liabilities and Other liabilities in the Company's Consolidated Financial Statements, consisted of the following:

	Year Ended December 31,	
	2015	2014
	(In thousands)	
Warranty liability, beginning of period	$ 51,135	$ 65,512
Accrued warranty expense	21,092	23,019
Changes in estimates related to pre-existing warranties	(1,820)	(9,966)
Cost of warranty service work performed	(29,342)	(27,389)
Acquisitions	321	4,488
Foreign exchange translation effect	(3,979)	(4,529)
Warranty liability, end of period	$ 37,407	$ 51,135

Income Taxes

Income taxes for the Company are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the Consolidated Financial Statements and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is generally recognized in Provision for (benefit from) income taxes in the period that includes the enactment date.

Valuation allowances are recorded if it is more likely than not that some portion of the deferred income tax assets will not be realized. In evaluating the need for a valuation allowance, the Company takes into account various factors, including the expected level of future taxable income and available tax planning strategies. Any changes in judgment about the valuation allowance are recorded through Provision for (benefit from) income taxes and are based on changes in facts and circumstances regarding realizability of deferred tax assets.

The Company must presume that an income tax position taken in a tax return will be examined by the relevant tax authority and determine whether it is more likely than not that the tax position will be sustained upon examination based upon the technical merits of the position. An income tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Company establishes a liability for unrecognized income tax benefits for income tax positions for which it is more likely than not that a tax position will not be sustained upon examination by the respective taxing authority to the extent such tax positions reduce the Company’s income tax liability. The Company recognizes interest and penalties related to unrecognized income tax benefits in the Provision for (benefit from) income taxes in the Consolidated Statements of Income.

Foreign Currency Exchange Gains and Losses

The Company’s financial statements are presented in U.S. dollars. The functional currencies of the Company’s operating subsidiaries are generally the local currencies of the countries in which each subsidiary is located. Assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the balance sheet date. The amounts recorded in each year in Foreign currency translation are net of income taxes to the extent the underlying equity balances in the entities are not deemed to be permanently reinvested. Revenues and expenses are translated at average rates of exchange in effect during the year.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated for inclusion in the Consolidated Balance Sheets are recognized in Selling, general and administrative expense or Interest expense in the Consolidated Statements of Income for that period.

The Company considers the Venezuelan bolivar fuerte (“bolivar”) a highly inflationary currency. Therefore, financial statements of the Company’s Venezuelan operations are remeasured into their parents’ reporting currency. During the years ended December 31, 2014 and 2013, currency devaluations of approximately 87% and 32%, respectively, of the bolivar relative to the U.S. dollar resulted in foreign currency transaction losses of $6.3 million and $2.9 million recognized in Selling, general and administrative expense in the Consolidated Statements of Income for the years ended December 31, 2014 and 2013, respectively.

In February 2015, the Venezuelan government introduced a marginal foreign exchange system ("SIMADI") which replaces an auction-based foreign exchange system that began operating on March 24, 2014 ("SICAD II"), which was previously used to remeasure Venezuelan operations. During the year ended December 31, 2015, the Company determined the SIMADI to be the most appropriate rate with which to remeasure Venezuelan operations from the multiple current legal mechanisms in Venezuela to exchange currency. The foreign currency transaction loss recognized related to the adoption of the SIMADI did not have a material impact on our Consolidated Statement of Income for the year ended December 31, 2015. 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 parents’ reporting currency and the amount of monetary assets and liabilities included in the Company’s Venezuelan operations’ balance sheets. As of and for the years ended December 31, 2015 and 2014, the Company’s Venezuelan operations represented less than 1% of the Company’s Total assets and Net sales. The bolivar-denominated monetary net asset position, primarily related to cash and cash equivalents, was $0.1 million and $0.7 million in the Consolidated Balance Sheets as of December 31, 2015 and 2014, respectively.

During the year ended December 31, 2015, the Company recognized a net foreign currency transaction loss of $3.9 million and a gain of $2.1 million in Interest expense and Selling, general and administrative expense, respectively, in the Consolidated Statement of Income. During the year ended December 31, 2014, the Company recognized net foreign currency transaction losses of $5.1 million and $5.5 million in Interest expense and Selling, general and administrative expense, respectively, in the Consolidated Statement of Income, including the $6.3 million loss related to the devaluation of the bolivar discussed above. During the year ended December 31, 2013, net foreign currency transaction losses of $4.1 million and $5.2 million were recognized in Interest expense and Selling, general and administrative expense, respectively, in the Consolidated Statement of Income, including the $2.9 million loss related to the devaluation of the bolivar discussed above.

Debt Issuance Costs and Debt Discount

Costs directly related to the placement of debt are capitalized and amortized to Interest expense primarily using the effective interest method over the term of the related obligation. Net deferred issuance costs of $8.1 million and $9.9 million, respectively, were included in the Consolidated Balance Sheets as of December 31, 2015 and 2014, which includes $13.4 million and $8.6 million, respectively, of accumulated amortization. As of December 31, 2015, $6.9 million and $1.2 million of deferred issuance costs were included in Other assets and as a reduction of Long-term debt, respectively. As of December 31, 2014, $7.5 million and $2.4 million of deferred issuance costs were included in Other assets and as a reduction of Long-term debt, respectively. See further discussion of presentation of deferred issuance costs in the Consolidated Balance Sheets in Note 3, “Recently Issued Accounting Pronouncements” as a result of adoption of Accounting Standards Update No. 2015-03, “Interest—Imputation of Interest (Subtopic 835-30)”. During the years ended December 31, 2015, 2014 and 2013, the Company deferred $3.4 million, $0.3 million and $7.1 million, respectively, of debt issuance costs. Further, the carrying value of Long-term debt is reduced by an original issue discount, which is accreted to Interest expense using the effective interest method over the term of the related obligation. See Note 10, “Debt” for additional discussion regarding the Company’s borrowing arrangements.

Use of Estimates

The Company makes certain estimates and assumptions in preparing its 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 Consolidated Financial Statements and the reported amounts of revenues and expenses for the period presented. Actual results may differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to current year presentations.

3. Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU No. 2014-09”). ASU No. 2014-09 clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance affects entities that enter into contracts with customers to transfer goods or services, and supersedes prior GAAP guidance, namely Accounting Standards Codification Topic 605—Revenue Recognition. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606)”, which delays the effective date of ASU No. 2014-09 by one year. As a result, ASU No. 2014-09 will be effective for fiscal years beginning after December 15, 2017, with early adoption permitted but not prior to the original effective date of annual periods beginning after December 15, 2016. ASU 2014-09 is to be applied retrospectively, or on a modified retrospective basis. The Company plans to apply ASU 2014-09 retrospectively as of January 1, 2018 and is currently evaluating the impact on its Consolidated Financial Statements.

In April 2015, the FASB issued ASU No. 2015-03, “Interest—Imputation of Interest (Subtopic 835-30)” (“ASU No. 2015-03”). ASU No. 2015-03 aims to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Currently, debt issuance costs are presented as a deferred charge under GAAP. ASU No. 2015-03 is effective for fiscal years beginning after December 15, 2015, and is to be applied retrospectively, with early adoption permitted. The Company has early adopted ASU No. 2015-03 during the year ended December 31, 2015 resulting in $1.2 million of debt issuance costs, net of accumulated amortization, presented as a direct deduction to the Company’s Long-term debt in the Consolidated Balance Sheet as of December 31, 2015. The retrospective application of ASU No. 2015-03 decreased Other assets and Long-term debt by $2.4 million in the Consolidated Balance Sheet as of December 31, 2014. The Company has applied the provisions of ASU No. 2015-15, "Interest—Imputation of Interest (Subtopic 835-30)" and presents deferred costs associated with its line-of-credit agreements as an asset in the Consolidated Balance Sheet.

In May 2015, the FASB issued ASU No. 2015-07, "Fair Value Measurement (Topic 820)—Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (Subtopic 835-30)" ("ASU No. 2015-07"). ASU No. 2015-07 aims to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Investments that calculate net asset value per share (or its equivalent), but for which the practical expedient is not applied will continue to be included in the fair value hierarchy along with the related required disclosures. ASU No. 2015-07 is effective for fiscal years beginning after December 15, 2015, and is to be applied retrospectively, with early adoption permitted. The Company has early adopted ASU No. 2015-07 in the Notes to Financial Statements as of December 31, 2015 and has applied the disclosure provisions of ASU No. 2015-07 to all investments measured using the net asset value per share practical expedient. See Note 13, "Defined Benefit Plans" for further discussion on the impact of ASU No. 2015-07.

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

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805)— Simplifying the Accounting for Measurement-Period Adjustments" ("ASU No. 2015-16"). ASU No. 2015-16 aims to simplify measurement period adjustments resulting from business combinations by requiring that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date, will be recorded in the same period's financial statements as the measurement period adjustment. ASU No. 2015-16 is effective for fiscal years beginning after December 15, 2015, and is to be applied prospectively to adjustments to provisional amounts that occur after the effective date of ASU No. 2015-16. The Company will adopt ASU No. 2015-16 prospectively in the fiscal period beginning after December 15, 2015.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740)—Balance Sheet Classification of Deferred Taxes" ("ASU No. 2015-17"). ASU No. 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in the Consolidated Balance Sheets. The standard will be effective for fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. ASU No. 2015-17 may be applied either prospectively or retrospectively to all periods presented. The Company has early adopted ASU No. 2015-17 during the year ended December 31, 2015. The retrospective application of ASU No. 2015-17 decreased Other current assets, Accrued liabilities and Other liabilities by $26.2 million, $6.2 million and $18.6 million, respectively, and increased Other assets by $1.4 million in the Consolidated Balance Sheet as of December 31, 2014.

4. Acquisitions

The following acquisitions were accounted for using the acquisition method of accounting, except as otherwise noted, and, accordingly, the Consolidated Financial Statements include the financial position and results of operations from the respective date of acquisition:

Gas and Fluid Handling

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

On June 30, 2015, Colfax completed the acquisition of the Roots™ blowers and compressors business unit ("Roots"), also known as Industrial Air & Gas Technologies, from GE Oil & Gas (the "Roots Acquisition") for cash consideration of $180.7 million. Roots is a leading supplier of blower and compressor technologies which service a broad range of end markets, including wastewater treatment, chemical production, and power generation. The acquisition of Roots builds on Howden's global strength in compressors and blowers and adds important application expertise and product solutions to the portfolio.

On May 21, 2014, the Company completed the $0.8 million acquisition of the remaining ownership of Howden Thomassen Middle East FCZO ("Howden Middle East"), which resulted in an increase in the Company's ownership of the subsidiary from 90% to 100% and was accounted for as an equity transaction, as the Company increased its controlling interest.

On November 29, 2013, the Company completed the acquisition of the global infrastructure and industry division of Fläkt Woods Group ("GII") for approximately $246.0 million, including the assumption of debt. GII has operations around the world and expanded the Company's product offerings in the heavy duty industrial and cooling fan market.

On November 25, 2013, the Company converted the common shares of Sistemas Centrales de Lubrication S.A. de C.V. ("Sicelub"), previously a less than wholly owned subsidiary in which the Company did not have a controlling interest, that were held by the majority owner into shares of mandatorily redeemable non-voting preferred stock of Sicelub valued at $31.7 million at the acquisition date, which resulted in an increase in the Company's ownership from 44% to 100%. On the date of the acquisition, the Company held a $7.4 million equity investment representing the Company's 44% investment in Sicelub and recognized a $13.8 million gain as a reduction in Selling, general and administrative expense in the Consolidated Statement of Income for the year ended December 31, 2013 to remeasure the investment to fair value at the acquisition date based upon the total enterprise value, adjusting for a control premium. Changes in settlement value of the mandatorily redeemable preferred stock are determined, in part, by the achievement of certain performance goals. The change in the settlement value of the mandatorily redeemable preferred stock for each period will be reflected in Interest expense. During the year ended December 31, 2014, a $3.1 million reduction to Interest expense was reflected in the Consolidated Statement of Income due to the change in expected settlement value under the conditions specified in the contract of the mandatorily redeemable preferred stock, as the performance criteria were not met. On December 25, 2015, the shares of the mandatorily redeemable preferred stock of Sicelub were redeemed and settled by offset of the outstanding loan payable to the Company by the holders of the mandatorily redeemable preferred stock.

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

On September 30, 2013, the Company completed the acquisition of certain business units of The New York Blower Company, including TLT-Babcock Inc. ("TLT-Babcock") and Alphair Ventilating Systems Inc. ("Alphair") for an approximate aggregate purchase price of $55.7 million. TLT-Babcock and Alphair are suppliers of heavy duty and industrial fans in Akron, Ohio and Winnipeg, Manitoba, respectively.

On July 9, 2013, the Company completed the acquisition of the common stock of Clarus Fluid Intelligence, LLC ("Clarus") for $13.2 million, which included the fair value of an estimated additional contingent cash payment of $2.5 million at the acquisition date. The additional contingent payment, if any, would be paid during the year ending December 31, 2016 subject to the achievement of certain performance goals. During the year ended December 31, 2014, the Company recognized an unrealized gain of $2.9 million, including accretion, related to the Clarus contingent payment liability, as the performance criteria are no longer expected to be met. The unrealized gain and accretion were recognized in Selling, general and administrative expense and Interest expense in the Consolidated Statements of Income, respectively. Clarus is a domestic supplier of flushing services for marine applications primarily to U.S. government agencies, with primary operations based in Bellingham, Washington.

Fabrication Technology

On July 1, 2014, the Company completed the $9.5 million acquisition of the remaining ownership of ESAB-SVEL ("Svel"), which resulted in an increase in the Company's ownership from 51% to 100% and was accounted for as an equity transaction, as the Company increased its controlling interest.

On April 14, 2014, Colfax completed the acquisition of the common stock of Victor Technologies Holdings, Inc. ("Victor") for total net cash consideration of $948.8 million (the "Victor Acquisition"). Victor is a global manufacturer of cutting, gas control and specialty welding solutions. The acquisition complemented the geographic footprint of the Company's fabrication technology segment and expanded its product portfolio into new segments and applications. During the year ended December 31, 2015, the Company retrospectively adjusted provisional amounts with respect to the 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 during the year ended December

31, 2015 increased the Goodwill balance by $0.1 million, primarily due to finalization of the Company's valuation of certain deferred tax assets and liabilities offset by finalization of the valuation of certain fixed assets and an adjustment to a VAT tax position in a specific foreign entity.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition for all acquisitions accounted for under the acquisition method of accounting and consummated during the years ended December 31, 2015, 2014 and 2013. For the acquisitions consummated during the year ended December 31, 2015, the amounts represent the Company's best estimate of the aggregate fair value of the assets acquired and liabilities assumed. These amounts are based upon certain valuations and studies that have yet to be finalized, and accordingly, the assets acquired and liabilities assumed, as detailed below, are subject to adjustment once the detailed analyses are completed. Substantially all of the Goodwill recognized for acquisitions consummated during the year ended December 31, 2015 is expected to be deductible for income tax purposes.

	2015	2014	2013
		(In thousands)	
Trade receivables	$ 15,680	$ 76,678	$ 74,387
Inventories	20,898	107,785	49,871
Property, plant and equipment	20,653	56,988	92,247
Goodwill	85,216	612,866	284,294
Intangible assets	85,113	389,700	104,272
Accounts payable	(9,909)	(34,271)	(70,122)
Debt	—	—	(10,942)
Other assets and liabilities, net	(21,644)	(260,946)	(99,205)
Consideration, net of cash acquired	$ 196,007	$ 948,800	$ 424,802

The Company incurred advisory, legal, valuation and other professional service fees of $2.7 million, $2.7 million and $4.3 million, during the years ended December 31, 2015, 2014 and 2013, respectively, in connection with completed acquisitions which are included in Selling, general and administrative expense in the Consolidated Statements of Income.

During the years ended December 31, 2015, 2014, and 2013, the Company's Consolidated Statements of Income included $47.9 million, $347.3 million, and $59.9 million of Net sales associated with acquisitions consummated during the respective period. During the period from April 14, 2014 through December 31, 2014, the Company's Consolidated Statements of Income included $35.9 million of Net income available to Colfax Corporation common shareholders, associated with the Victor Acquisition. Net Income (Loss) available to common shareholders associated with acquisitions consummated during the years ended December 31, 2015 and December 31, 2013 was not material.

5. Net Income Per Share

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

	Year Ended December 31,		
	2015	2014	2013
	(In thousands, except share data)		
Computation of Net income per share - basic:			
Net income available to Colfax Corporation common shareholders	$ 167,739	$ 370,185	$ 158,232
Less: net income attributable to participating securities[1]	—	—	(3,740)
	$ 167,739	$ 370,185	$ 154,492
Weighted-average shares of Common stock outstanding - basic	124,101,033	121,143,790	99,198,570
Net income per share - basic	$ 1.35	$ 3.06	$ 1.56
Computation of Net income per share - diluted:			
Net income available to Colfax Corporation common shareholders	$ 167,739	$ 370,185	$ 158,232
Less: net income attributable to participating securities[1]	—	—	(3,740)
	$ 167,739	$ 370,185	$ 154,492
Weighted-average shares of Common stock outstanding - basic	124,101,033	121,143,790	99,198,570
Net effect of potentially dilutive securities - stock options and restricted stock units	768,616	1,522,502	1,167,885
Weighted-average shares of Common stock outstanding - diluted	124,869,649	122,666,292	100,366,455
Net income per share - diluted	$ 1.34	$ 3.02	$ 1.54

[1] Net income per share - diluted for the period from January 13, 2012 to April 23, 2013 was calculated consistently with the two-class method in accordance with GAAP, as further discussed below. Subsequent to April 23, 2013 and prior to February 12, 2014, Net income per share - diluted was calculated consistently with the if-converted method in accordance with GAAP, as further discussed below. However, for the year ended December 31, 2013, the calculation under this method was anti-dilutive.

On April 23, 2013, the Company and BDT CF Acquisition Vehicle, LLC (the "BDT Investor") amended the Certificate of Designations of Series A Perpetual Convertible Preferred Stock of Colfax Corporation to eliminate the right of the Series A Perpetual Convertible Preferred Stock to share proportionately in any dividends or distributions made in respect of the Company's Common stock. On February 12, 2014, the Company entered into a Conversion Agreement with the BDT Investor pursuant to which the BDT Investor exercised its option to convert 13,877,552 shares of Series A Perpetual Convertible Preferred Stock into 12,173,291 shares of Common stock plus cash. The BDT Investor was the sole holder of all issued and outstanding shares of the Company's Series A Perpetual Convertible Preferred Stock. See Note 11, "Equity" for further discussion of the Series A Perpetual Convertible Preferred Stock conversion. For periods from January 13, 2012 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 participating securities. Subsequent to April 23, 2013 and prior to February 12, 2014, the Company's Net income per share - dilutive was computed using the "if-converted" method. Under the "if-converted" method, Net income per share - dilutive was calculated under the assumption that the shares of Series A Perpetual Convertible Preferred Stock had been converted into shares of Common stock as of the beginning of the respective period. For the years ended December 31, 2014 and 2013, the weighted-average computation of the dilutive effect of potentially issuable shares of Common stock excluded 1.4 million and 12.2 million, respectively, of Common stock equivalents, 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 years ended December 31, 2015, 2014 and 2013 excludes approximately 3.0 million, 0.8 million and 0.6 million outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

6. Income Taxes

Income before income taxes and Provision for (benefit from) income taxes consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Income (loss) before income taxes:			
Domestic operations	$ (16,487)	$ 53,153	$ (7,899)
Foreign operations	253,389	305,095	310,694
	$ 236,902	$ 358,248	$ 302,795
Provision for (benefit from) income taxes:			
Current:			
Federal	$ 465	$ 798	$ (464)
State	1,076	2,047	871
Foreign	70,900	74,618	83,299
	72,441	77,463	83,706
Deferred:			
Domestic operations	$ (1,231)	$ (127,114)	$ 11,603
Foreign operations	(21,486)	(12,374)	(1,657)
	(22,717)	(139,488)	9,946
	$ 49,724	$ (62,025)	$ 93,652

The Company’s Provision for (benefit from) income taxes differs from the amount that would be computed by applying the U.S. federal statutory rate as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Taxes calculated at the U.S. federal statutory rate	$ 82,940	$ 125,386	$ 105,978
State taxes	768	2,323	871
Effect of tax rates on international operations	(36,364)	(34,619)	(42,972)
Change in enacted international tax rates	(4,415)	(149)	(5,217)
Changes in valuation allowance and tax reserves	1,784	(156,071)	30,554
Other	5,011	1,105	4,438
Provision for (benefit from) income taxes	$ 49,724	$ (62,025)	$ 93,652

Deferred income taxes, net reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. During the year ended December 31, 2015, adjustments were made retrospectively to provisional amounts recorded as of December 31, 2014, due to the finalization of the valuation of specific tax items related to the acquisition consummated during the three months ended June 27, 2014. The significant components of deferred tax assets and liabilities, in addition to the reconciliation of the beginning and ending amount of gross unrecognized tax benefits below, include the impact of these retrospective adjustments. Significant components of the deferred tax assets and liabilities are as follows:

	December 31,	
	2015	2014
	(In thousands)	
Deferred tax assets:		
Post-retirement benefit obligation	$ 75,045	$ 92,995
Expenses currently not deductible	109,283	116,247
Net operating loss carryforward	211,627	228,863
Tax credit carryforward	10,343	11,509
Depreciation and amortization	7,533	11,121
Other	25,379	22,285
Valuation allowance	(161,030)	(159,252)
Deferred tax assets, net	$ 278,180	$ 323,768
Deferred tax liabilities:		
Depreciation and amortization	$ (317,464)	$ (353,660)
Post-retirement benefit obligation	(13,581)	(12,116)
Inventory	(17,122)	(16,549)
Other	(174,367)	(193,618)
Total deferred tax liabilities	$ (522,534)	$ (575,943)
Total deferred tax liabilities, net	$ (244,354)	$ (252,175)

The Company evaluates the recoverability of its deferred tax assets on a jurisdictional basis by considering whether deferred tax assets will be realized on a more likely than not basis. To the extent a portion or all of the applicable deferred tax assets do not meet the more likely than not threshold, a valuation allowance is recorded. During the year ended December 31, 2015, the valuation allowance increased from $159.3 million to $161.0 million with a net increase of $8.6 million recognized in Provision for (benefit from) income taxes, a decrease of $3.9 million recognized in Other comprehensive (loss) income and a $3.0 million decrease related to changes in foreign currency rates. As a result of the effect of the Victor Acquisition on expected future income in the United States, the realizability of certain deferred assets were reassessed in 2014. The reduction of valuation allowances associated with this reassessment resulted in a non-cash income tax benefit of $145.4 million for the year ended December 31, 2014. Consideration was given to U.S. tax planning strategies and future U.S. taxable income as to how much of the relevant deferred tax asset could be realized on a more likely than not basis.

The Company has U.S. net operating loss carryforwards of $267.3 million expiring in years 2021 through 2032, and alternative minimum tax credits of $9.8 million that may be carried forward indefinitely. Tax credit carryforwards include foreign tax credits that have been offset by a valuation allowance. The Company’s ability to use these various carryforwards to offset any taxable income generated in future taxable periods may be limited under Section 382 and other federal tax provisions.

For the years ended December 31, 2015, 2014 and 2013, all undistributed earnings of the Company’s controlled international subsidiaries are considered to be permanently reinvested outside the U.S. and no tax expense in the U.S. has been recognized under the applicable accounting standard for these reinvested earnings. The amount of unremitted earnings from the Company’s international subsidiaries, subject to local statutory restrictions, as of December 31, 2015 is $1.3 billion. The amount of deferred tax liability that would have been recognized had such earnings not been indefinitely reinvested is not reasonably determinable.

The Company records a liability for unrecognized income tax benefits for the amount of benefit included in its previously filed income tax returns and in its financial results expected to be included in income tax returns to be filed for periods through the date of its Consolidated Financial Statements for income tax positions for which it is more likely than not that a tax position will not be sustained upon examination by the respective taxing authority. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (inclusive of associated interest and penalties):

		(In thousands)
Balance, December 31, 2013	$	71,595
Acquisitions		37,328
Addition for tax positions taken in prior periods		3,752
Addition for tax positions taken in the current period		894
Reduction for tax positions taken in prior periods		(27,601)
Other, including the impact of foreign currency translation		(8,443)
Balance, December 31, 2014		77,525
Addition for tax positions taken in prior periods		3,924
Addition for tax positions taken in the current period		924
Reduction for tax positions taken in prior periods		(23,616)
Other, including the impact of foreign currency translation		(5,879)
Balance, December 31, 2015	$	52,878

The Company is routinely examined by tax authorities around the world. Tax examinations remain in process in multiple countries, including but not limited to Sweden, China, Indonesia, France, Mexico, Brazil and various states. The Company files numerous group and separate tax returns in U.S. federal and state jurisdictions, as well as many international jurisdictions. In the U.S., tax years dating back to 2006 remain subject to examination, as well as the 2003 and 2005 tax years due to tax attributes available to be carried forward to open or future tax years. With some exceptions, other major tax jurisdictions generally are not subject to tax examinations for years beginning before 2008.

The Company's total unrecognized tax benefits were $52.9 million and $77.5 million as of December 31, 2015 and 2014, respectively, inclusive of $11.2 million and $14.7 million, respectively, of interest and penalties. These amounts were offset by tax benefits of $0.1 million as of both December 31, 2015 and 2014. The net liabilities for uncertain tax positions as of December 31, 2015 and 2014 were $52.8 million and $77.4 million, respectively, and, if recognized, would favorably impact the effective tax rate. The Company records interest and penalties on uncertain tax positions as a component of Provision for (benefit from) income taxes, which was $1.8 million, $2.5 million and $4.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Due to the difficulty in predicting with reasonable certainty when tax audits will be fully resolved and closed, the range of reasonably possible significant increases or decreases in the liability for unrecognized tax benefits that may occur within the next 12 months is difficult to ascertain. Currently, the Company estimates that it is reasonably possible that the expiration of various statutes of limitations, resolution of tax audits and court decisions may reduce its tax expense in the next 12 months up to $0.9 million.

7. Goodwill and Intangible Assets

The following table summarizes the activity in Goodwill, by segment during the years ended December 31, 2015 and 2014:

	Gas and Fluid Handling	Fabrication Technology	Total
		(In thousands)	
Balance, January 1, 2014	$ 1,532,201	$ 877,498	$ 2,409,699
Goodwill attributable to acquisitions[1]	—	612,866	612,866
Impact of foreign currency translation and other	(103,843)	(45,699)	(149,542)
Balance, December 31, 2014	1,428,358	1,444,665	2,873,023
Goodwill attributable to acquisitions	85,216	—	85,216
Impact of foreign currency translation and other	(87,308)	(53,244)	(140,552)
Balance, December 31, 2015	$ 1,426,266	$ 1,391,421	$ 2,817,687

[1] During the year ended December 31, 2015, the Company retrospectively adjusted provisional amounts with respect to an acquisition completed during the three months ended June 27, 2014 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. See Note 4, "Acquisitions" for further discussion regarding these adjustments.

The following table summarizes the Intangible assets, excluding Goodwill:

	December 31,			
	2015		2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(In thousands)		
Trade names – indefinite life	$ 395,319	$ —	$ 410,600	$ —
Acquired customer relationships	573,589	(117,573)	593,799	(85,171)
Acquired technology	149,578	(37,012)	113,697	(27,681)
Acquired backlog	2,575	(2,220)	—	—
Other intangible assets	48,413	(16,957)	50,287	(11,948)
	$ 1,169,474	$ (173,762)	$ 1,168,383	$ (124,800)

Amortization expense related to intangible assets was included in the Consolidated Statements of Income as follows:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Selling, general and administrative expense	$ 60,629	$ 67,052	$ 41,012

See Note 2, "Summary of Significant Accounting Policies" for discussion of impairment of Intangible assets.

As of December 31, 2015, total amortization expense for intangible assets is expected to be $59.9 million, $57.1 million, $54.5 million, $50.0 million and $47.3 million for the years ending December 31, 2016, 2017, 2018, 2019 and 2020, respectively.

8. Property, Plant and Equipment, Net

	Depreciable Life	December 31, 2015	2014[(1)]
	(In years)	(In thousands)	
Land	n/a	$ 44,746	$ 52,539
Buildings and improvements	5-40	327,122	363,716
Machinery and equipment	3-15	546,052	524,723
Software	3-5	95,556	98,069
		1,013,476	1,039,047
Accumulated depreciation		(368,940)	(311,612)
Property, plant and equipment, net		$ 644,536	$ 727,435

(1) During the year ended December 31, 2015, the Company retrospectively adjusted provisional amounts with respect to an acquisition completed during the three months ended June 27, 2014 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. See Note 4, “Acquisitions” for further discussion regarding these adjustments.

Depreciation expense, including the amortization of assets recorded under capital leases, for the years ended December 31, 2015, 2014 and 2013, was $90.7 million, $94.5 million and $78.1 million, respectively. Depreciation expense for the years ended December 31, 2015, 2014, and 2013 includes $9.3 million, $4.6 million and $1.9 million of non-cash impairment of fixed assets, respectively. These amounts also include depreciation expense related to software for the years ended December 31, 2015, 2014 and 2013 of $14.3 million, $15.7 million and $11.8 million, respectively.

9. Inventories, Net

Inventories, net consisted of the following:

	December 31, 2015	2014
	(In thousands)	
Raw materials	$ 160,640	$ 164,115
Work in process	68,541	81,110
Finished goods	243,209	239,808
	472,390	485,033
Less: customer progress payments	(15,876)	(7,728)
Less: allowance for excess, slow-moving and obsolete inventory	(36,128)	(34,573)
Inventories, net	$ 420,386	$ 442,732

10. Debt

Long-term debt consisted of the following:

	December 31,	
	2015	2014
	(In thousands)	
Term loans	$ 713,175	$ 1,210,474
Trade receivables financing arrangement	75,800	80,000
Revolving credit facilities and other	628,572	246,336
Total Debt	1,417,547	1,536,810
Less: current portion	(5,792)	(9,855)
Long-term debt	$ 1,411,755	$ 1,526,955

The Company entered into a credit agreement by and among the Company, Colfax UK Holdings Ltd, the other subsidiaries of the Company party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent (the "Deutsche Bank Credit Agreement") on September 12, 2011. In connection with the closing of the acquisition of Charter International plc, the Deutsche Bank Credit Agreement was amended on January 13, 2012 and the Company terminated its existing credit agreement as well as Charter's outstanding indebtedness. A Second Amendment and Third Agreement to the Deutsche Bank Credit Agreement was entered into on February 22, 2013 and November 7, 2013, respectively, which, among other things, reallocated borrowing capacities of the tranches of loans and reduced interest rate margins when compared to the terms of the amended Deutsche Bank Credit Agreement on January 13, 2012.

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

On June 5, 2015, the Company entered into a credit agreement (the "2015 Deutsche Bank Credit Agreement") by and among the Company, as the borrower, certain U.S. subsidiaries of the Company identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator.

The proceeds of the loans under the 2015 Deutsche Bank Credit Agreement were used by the Company to repay in full balances under its preexisting Deutsche Bank Credit Agreement, as well as for working capital and general corporate purposes. The 2015 Deutsche Bank Credit Agreement consists of a term loan in an aggregate amount of $750.0 million (the "Term Loan") and a revolving credit facility (the "Revolver"), each of which matures in five years. The Revolver contains a $50.0 million swing line loan sub-facility.

On September 25, 2015, the Company entered into an Increase Agreement, as provided for under the terms of the 2015 Deutsche Bank Credit Agreement. Under the Increase Agreement, the Company increased the Revolver by $300.0 million, resulting in a total Revolver commitment under the 2015 Deutsche Bank Credit Agreement of $1.3 billion.

The Term Loan and the Revolver bear interest, at the election of the Company, at either the base rate (as defined in the 2015 Deutsche Bank Credit Agreement) or the Eurocurrency rate (as defined in the 2015 Deutsche Bank Credit Agreement), in each case, plus the applicable interest rate margin. The Term Loan and the Revolver initially bear interest either at the Eurocurrency rate plus 1.50% or at the base rate plus 0.50%, and in future quarters will bear interest either at the Eurocurrency rate or the base rate plus the applicable interest rate margin based upon either, whichever results in the lower applicable interest rate margin (subject to certain exceptions), the Company's total leverage ratio and the corporate family rating of the Company as determined by Standard & Poor's and Moody's (ranging from 1.25% to 2.00%, in the case of the Eurocurrency margin, and 0.25% to 1.00%, in the case of the base rate margin). Swing line loans bear interest at the applicable rate, as specified under the terms of the 2015 Deutsche Bank Credit Agreement, based upon the currency borrowed.

In conjunction with the 2015 Deutsche Bank Credit Agreement, the Company recorded a charge to Interest expense in the Consolidated Statement of Income for the year ended December 31, 2015 of $4.7 million to write-off certain deferred financing fees and original issue discount and expensed approximately $0.4 million of costs incurred in connection with the refinancing of the 2015 Deutsche Bank Credit Agreement. The Company had an original issue discount of $7.5 million and deferred financing fees of $8.1 million included in its Consolidated Balance Sheet as of December 31, 2015, which will be accreted to Interest expense primarily using the effective interest method, over the life of the 2015 Deutsche Bank Credit Agreement. As of December 31, 2015, the weighted-average interest rate of borrowings under the 2015 Deutsche Bank Credit Agreement was 1.83%, excluding accretion of original issue discount and amortization of deferred financing fees, and there was $688.8 million available on the revolving credit facility.

The Company is also party to letter of credit facilities with total capacity of $718.8 million. Total letters of credit of $360.4 million were outstanding as of December 31, 2015.

On December 22, 2014, the Company entered into a receivables financing facility, pursuant to which it established a wholly owned, special purpose bankruptcy-remote subsidiary which purchases trade receivables from certain of the Company's subsidiaries on an ongoing basis and pledges them to support its obligation as borrower under the receivables financing facility. This special purpose subsidiary has a separate legal existence from its parent and its assets are not available to satisfy the claims of creditors of the selling subsidiaries or any other member of the consolidated group. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the program limit. On December 21, 2015, the Company increased the receivables financing facility by $15 million to $95 million and extended the facility through December 20, 2016. As of December 31, 2015, the total outstanding borrowings under the receivables financing facility were $75.8 million and the interest rate was 1.2%. The scheduled termination date for the receivables financing facility may be extended from time to time. The facility contains representations, warranties, covenants and indemnities customary for facilities of this type. The facility does not contain any covenants that the Company views as materially constraining to the activities of its business.

The contractual maturities of the Company's debt as of December 31, 2015 are as follows[1]:

		(In thousands)
2016	$	5,792
2017		4,536
2018		4,598
2019		2,405
2020		1,408,916
Total contractual maturities		1,426,247
Debt discount[2]		(8,700)
Total debt	$	1,417,547

[1] Represents scheduled payments required under the 2015 Deutsche Bank Credit Agreement through June 5, 2020, as well as the contractual maturities of other debt outstanding as of December 31, 2015, and reflects management's intention to repay scheduled maturities of the term loans outstanding under the 2015 Deutsche Bank Credit Agreement and the trade receivables financing arrangement (if not extended) with proceeds from the revolving credit facility.

[2] Includes $1.2 million of deferred debt issuance costs pursuant to the adoption of ASU No. 2015-03. See Note 3, "Recently Issued Accounting Pronouncements" for further discussion.

Certain U.S. subsidiaries of the Company have agreed to guarantee the obligations of the Company under the 2015 Deutsche Bank Credit Agreement. The 2015 Deutsche Bank Credit Agreement contains customary covenants limiting the ability of the Company and its subsidiaries to, among other things, incur debt or liens, merge or consolidate with others, dispose of assets, make investments or pay dividends. In addition, the 2015 Deutsche Bank Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio, as defined therein, of not more than 3.5 to 1.0 and minimum interest coverage ratio, as defined therein, of 3.0 to 1.0, measured at the end of each quarter. The 2015 Deutsche Bank Credit Agreement contains various events of default (including failure to comply with the covenants under the 2015 Deutsche Bank Credit Agreement and related agreements) and upon an event of default the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the Term Loan and the Revolver. As of December 31, 2015, the Company is in compliance with the covenants under the 2015 Deutsche Bank Credit Agreement.

11. Equity

Common and Preferred Stock

During the years ended December 31, 2015, 2014 and 2013, 676,126, 252,674 and 265,995 shares of Common stock, respectively, were issued in connection with stock option exercises and employee share-based payment arrangements that vested during the year.

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 year ended December 31, 2013.

The Company entered into a Conversion Agreement with the BDT Investor, pursuant to which the BDT Investor exercised its option to convert 13,877,552 shares of Series A Perpetual Convertible Preferred Stock into 12,173,291 shares of the Company’s Common stock plus cash in lieu of a .22807018 share interest, which conversion occurred on February 12, 2014. As consideration for the BDT Investor’s agreement to exercise its optional conversion right, the Company paid approximately $23.4 million to the BDT Investor, of which $19.6 million represents the Preferred stock conversion inducement payment in the Consolidated Statement of Income for the year ended December 31, 2014.

On February 20, 2014, the Company sold 9,200,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of $632.5 million. In conjunction with this issuance, the Company recognized $22.1 million in equity issuance costs, which were recorded as a reduction to Additional paid-in capital during the year ended December 31, 2014.

The Company contributed 66,000 shares, 183,000 shares and 88,200 shares of newly issued Colfax Common stock to its U.S. defined benefit pension plan on May 21, 2015, January 15, 2014 and September 12, 2013, respectively.

Share Repurchase Program

On October 11, 2015, the Company’s Board of Directors authorized the repurchase of up to $100.0 million of the Company’s Common stock from time-to-time on the open market or in privately negotiated transactions, which will be retired upon repurchase. The repurchase program is authorized until December 31, 2016 and does not obligate the Company to acquire any specific number of shares. The timing and amount of shares repurchased is to be determined by management based on its evaluation of market conditions and other factors. The repurchase program is being conducted pursuant to SEC Rule 10b-18.

During the year ended December 31, 2015, the Company repurchased 986,279 shares of its common stock in open market transactions for approximately $27.4 million. From January 1, 2016 through February 3, 2016, the Company has repurchased 1,000,000 shares of the Company’s Common stock under a plan complying with Rule 10b5-1 under the Securities Exchange Act of 1934. As of February 4, 2016, the remaining stock repurchase authorization provided by the Company’s Board of Directors is approximately $52 million.

Accumulated Other Comprehensive Loss

The following table presents the changes in the balances of each component of Accumulated other comprehensive loss including reclassifications out of Accumulated other comprehensive loss for the years ended December 31, 2015, 2014 and 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 Gain (Loss) On Hedging Activities	Total
	(In thousands)			
Balance at January 1, 2013	$ (247,332)	$ 96,877	$ 3,861	$ (146,594)
Acquisition of shares held by noncontrolling interest	—	(381)	—	(381)
Other comprehensive income (loss) before reclassifications:				
Net actuarial gain	77,515	—	—	77,515
Foreign currency translation adjustment	(3,297)	24,349	39	21,091
Gain on long-term intra-entity foreign currency transactions	—	2,176	—	2,176
Loss on net investment hedges	—	—	(14,261)	(14,261)
Unrealized gain on cash flow hedges	—	—	3,832	3,832
Other comprehensive income (loss) before reclassifications	74,218	26,525	(10,390)	90,353
Amounts reclassified from Accumulated other comprehensive loss	10,022	—	—	10,022
Net current period Other comprehensive income (loss)	84,240	26,525	(10,390)	100,375
Balance at December 31, 2013	$ (163,092)	$ 123,021	$ (6,529)	$ (46,600)
Acquisition of shares held by noncontrolling interest	—	(942)	—	(942)
Other comprehensive (loss) income before reclassifications:				
Net actuarial loss	(89,379)	—	—	(89,379)
Foreign currency translation adjustment	4,742	(351,234)	(32)	(346,524)
Gain on long-term intra-entity foreign currency transactions	—	2,096	—	2,096
Gain on net investment hedges	—	—	39,374	39,374
Unrealized loss on cash flow hedges	—	—	(8,932)	(8,932)
Other	1,934	—	—	1,934
Other comprehensive (loss) income before reclassifications	(82,703)	(349,138)	30,410	(401,431)
Amounts reclassified from Accumulated other comprehensive loss	5,282	—	—	5,282
Net current period Other comprehensive (loss) income	(77,421)	(349,138)	30,410	(396,149)
Balance at December 31, 2014	$ (240,513)	$ (227,059)	$ 23,881	$ (443,691)
Other comprehensive income (loss) before reclassifications:				
Net actuarial gain	28,349	—	—	28,349
Foreign currency translation adjustment	7,747	(301,011)	(382)	(293,646)
Loss on long-term intra-entity foreign currency transactions	—	(550)	—	(550)
Gain on net investment hedges	—	—	14,537	14,537
Unrealized loss on cash flow hedges	—	—	(2,873)	(2,873)
Other	3,817	—	—	3,817
Other comprehensive income (loss) before reclassifications	39,913	(301,561)	11,282	(250,366)
Amounts reclassified from Accumulated other comprehensive loss	7,342	—	—	7,342
Net current period Other comprehensive income (loss)	47,255	(301,561)	11,282	(243,024)
Balance at December 31, 2015	$ (193,258)	$ (528,620)	$ 35,163	$ (686,715)

The effect on Net income of amounts reclassified out of each component of Accumulated other comprehensive loss for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Year Ended December 31, 2015		
	Amounts Reclassified From Accumulated Other Comprehensive Loss	Tax Benefit	Total
	(In thousands)		
Pension and other post-retirement benefit cost:			
Amortization of net loss(1)	$ 10,953	$ (3,744)	$ 7,209
Amortization of prior service cost(1)	248	(115)	133
	$ 11,201	$ (3,859)	$ 7,342

	Year Ended December 31, 2014		
	Amounts Reclassified From Accumulated Other Comprehensive Loss	Tax Benefit	Total
	(In thousands)		
Pension and other post-retirement benefit cost:			
Amortization of net loss(1)	$ 7,097	$ (2,063)	$ 5,034
Amortization of prior service cost(1)	248	—	248
	$ 7,345	$ (2,063)	$ 5,282

	Year Ended December 31, 2013		
	Amounts Reclassified From Accumulated Other Comprehensive Loss	Tax Benefit	Total
	(In thousands)		
Pension and other post-retirement benefit cost:			
Amortization of net loss(1)	$ 10,489	$ (715)	$ 9,774
Amortization of prior service cost(1)	248	—	248
	$ 10,737	$ (715)	$ 10,022

(1) Included in the computation of net periodic benefit cost. See Note 13, "Defined Benefit Plans" for additional details.

During the years ended December 31, 2015, 2014 and 2013, Noncontrolling interest decreased by $22.8 million, $12.4 million and $17.5 million, respectively, as a result of Other comprehensive loss, primarily due to foreign currency translation adjustment.

Share-Based Payments

The Company adopted the Colfax Corporation 2008 Omnibus Incentive Plan on April 21, 2008, as amended and restated on April 2, 2012 (the "2008 Plan"). The 2008 Plan provides the Compensation Committee of the Company's Board of Directors discretion in creating employee equity incentives. Awards under the 2008 Plan may be made in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, performance shares, performance units, and other stock-based awards.

The Company measures and recognizes compensation expense related to share-based payments based on the fair value of the instruments issued. Stock-based compensation expense is generally recognized as a component of Selling, general and administrative expense in the Consolidated Statements of Income, as payroll costs of the employees receiving the awards are recorded in the same line item.

The Company's Consolidated Statements of Income reflect the following amounts related to stock-based compensation:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Stock-based compensation expense	$ 16,321	$ 17,580	$ 13,334
Deferred tax benefit	5,342	4,054	434

As of December 31, 2015, the Company had $50.3 million of unrecognized compensation expense related to stock-based awards that will be recognized over a weighted-average period of approximately 1.7 years. The intrinsic value of awards exercised or issued upon vesting was $21.8 million, $13.3 million and $9.2 million during the years ended December 31, 2015, 2014 and 2013, respectively.

Stock Options

Under the 2008 Plan, the Company may grant options to purchase Common stock, with a maximum term of 10 years at a purchase price equal to the market value of the Company's Common stock on the date of grant. In the case of an incentive stock option granted to a holder of 10% of the Company's outstanding Common stock, the Company may grant options to purchase Common stock with a maximum term of 5 years, at a purchase price equal to 110% of the market value of the Company's Common stock on the date of grant.

Stock-based compensation expense for stock option awards is based upon the grant-date fair value using the Black-Scholes option pricing model. The Company recognizes compensation expense for stock option awards on a straight-line basis over the requisite service period of the entire award. The following table shows the weighted-average assumptions used to calculate the fair value of stock option awards using the Black-Scholes option pricing model, as well as the weighted-average fair value of options granted:

	Year Ended December 31,		
	2015	2014	2013
Expected period that options will be outstanding (in years)	5.02	4.87	4.90
Interest rate (based on U.S. Treasury yields at the time of grant)	1.62%	1.62%	1.06%
Volatility	28.75%	34.67%	43.22%
Dividend yield	—	—	—
Weighted-average fair value of options granted	$ 11.87	$ 22.65	$ 18.07

Expected volatility is estimated based on the historical volatility of comparable public companies. The Company considers historical data to estimate employee termination within the valuation model. Separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. Since the Company has limited option exercise history, it has generally elected to estimate the expected life of an award based upon the Securities and Exchange Commission-approved "simplified method" noted under the provisions of Staff Accounting Bulletin No. 107 with the continued use of this method extended under the provisions of Staff Accounting Bulletin No. 110.

Stock option activity is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value[1] (In thousands)
Outstanding at January 1, 2015	2,910,109	$ 40.19		
Granted	2,135,169	41.63		
Exercised	(364,211)	16.62		
Forfeited	(381,156)	60.74		
Expired	(38,321)	41.74		
Outstanding at December 31, 2015	4,261,590	$ 41.07	5.05	$ 1,916
Vested or expected to vest at December 31, 2015	4,196,996	$ 40.97	5.04	$ 1,916
Exercisable at December 31, 2015	1,701,182	$ 35.06	3.40	$ 1,916

(1) The aggregate intrinsic value is based upon the difference between the Company's closing stock price at the date of the Consolidated Balance Sheet and the exercise price of the stock option for in-the-money stock options. The intrinsic value of outstanding stock options fluctuates based upon the trading value of the Company's Common stock.

Restricted Stock Units

Under the 2008 Plan, the Compensation Committee of the Board of Directors may award performance-based restricted stock units ("PRSUs"), the vesting of which is contingent upon meeting various performance goals. The vesting of the stock units is determined based on whether the Company achieves the applicable performance criteria established by the Compensation Committee of the Board of Directors. If the performance criteria are satisfied, the units are subject to additional time vesting requirements, by which units will vest fully in two equal installments on the fourth and fifth anniversary of the grant date, provided the individual remains an employee during this period. Under the 2008 Plan, the Compensation Committee of the Board of Directors may award non-performance-based restricted stock units ("RSUs") to select executives, employees and outside directors. The Compensation Committee determines the terms and conditions of each award, including the restriction period and other criteria applicable to the awards. Directors may also elect to defer their annual board fees into RSUs with immediate vesting. Delivery of the shares underlying these director restricted stock units is deferred until termination of the director's service on the Company's Board of Directors.

The fair value of PRSUs and RSUs is equal to the market value of a share of Common stock on the date of grant and the related compensation expense is recognized ratably over the requisite service period and, for PRSUs, when it is expected that any of the performance criterion will be achieved. The performance criteria have not yet been met for the PRSUs granted during the years ended December 31, 2015 and 2014.

The activity in the Company's PRSUs and RSUs is as follows:

	PRSUs		RSUs	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2015	581,936	$ 38.67	168,911	$ 56.13
Granted	343,715	40.55	353,887	39.53
Vested	(259,539)	25.64	(66,366)	42.69
Forfeited	(143,101)	61.28	(42,911)	54.99
Nonvested at December 31, 2015	523,011	$ 40.19	413,521	$ 44.20

The fair value of shares vested during the years ended December 31, 2015, 2014 and 2013 was $8.9 million, $6.4 million and $2.5 million, respectively.

12. Accrued Liabilities

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

	December 31,	
	2015	2014[1]
	(In thousands)	
Accrued payroll	$ 99,383	$ 120,068
Advance payment from customers	45,590	58,049
Accrued taxes	51,834	52,599
Accrued asbestos-related liability	48,780	50,175
Warranty liability - current portion	36,128	47,966
Accrued restructuring liability - current portion	12,918	21,846
Accrued third-party commissions	10,275	11,026
Other	86,751	128,254
Accrued liabilities	$ 391,659	$ 489,983

(1) During the year ended December 31, 2015 the Company retrospectively adjusted provisional amounts with respect to an acquisition completed during the three months ended June 27, 2014 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. See Note 4, “Acquisitions” for further discussion regarding these adjustments. The Company also retrospectively adjusted amounts recorded as of December 31, 2014 for the adoption of ASU 2015-17. See Note 3, “Recently Issued Accounting Pronouncements” for further discussion.

Accrued Restructuring Liability

The Company's restructuring programs include a series of restructuring actions to reduce the structural costs of the Company. A summary of the activity in the Company's restructuring liability included in Accrued liabilities and Other liabilities in the Consolidated Balance Sheets is as follows:

	Year Ended December 31, 2015				
	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]	$ 7,551	$ 19,927	$ (22,994)	$ (505)	$ 3,979
Facility closure costs[2]	1,445	9,031	(7,643)	(176)	2,657
	8,996	28,958	(30,637)	(681)	6,636
Non-cash impairment		2,569			
		31,527			
Fabrication Technology:					
Termination benefits[1]	11,155	15,507	(20,196)	(435)	6,031
Facility closure costs[2]	1,937	5,321	(6,647)	(185)	426
	13,092	20,828	(26,843)	(620)	6,457
Non-cash impairment		8,822			
		29,650			
Corporate and Other:					
Facility closure costs[2]	922	—	(254)	(43)	625
	922	—	(254)	(43)	625
	$ 23,010	49,786	$ (57,734)	$ (1,344)	$ 13,718
Non-cash impairment		11,391			
		$ 61,177			

[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 December 31, 2015, $12.9 million and $0.8 million of the Company's restructuring liability was included in Accrued liabilities and Other liabilities, respectively.

	Year Ended December 31, 2014				
	Balance at Beginning of Period	Provisions	Payments	Foreign Currency Translation	Balance at End of Period[3]
	(In thousands)				
Restructuring and other related charges:					
Gas and Fluid Handling:					
Termination benefits[1]	$ 3,638	$ 18,179	$ (13,887)	$ (379)	$ 7,551
Facility closure costs[2]	756	5,491	(4,714)	(88)	1,445
	4,394	23,670	(18,601)	(467)	8,996
Non-cash impairment		2,863			
		26,533			
Fabrication Technology:					
Termination benefits[1]	7,033	26,790	(22,227)	(441)	11,155
Facility closure costs[2]	1,429	3,018	(2,355)	(155)	1,937
	8,462	29,808	(24,582)	(596)	13,092
Non-cash impairment		1,780			
		31,588			
Corporate and Other:					
Facility closure costs[2]	1,259	—	(275)	(62)	922
	1,259	—	(275)	(62)	922
	$ 14,115	53,478	$ (43,458)	$ (1,125)	$ 23,010
Non-cash impairment		4,643			
		$ 58,121			

[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 December 31, 2014, $21.8 million and $1.2 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 $70 million during the year ending December 31, 2016 related to these restructuring activities.

13. Defined Benefit Plans

The Company sponsors various defined benefit plans, defined contribution plans and other post-retirement benefits plans, including health and life insurance, for certain eligible employees or former employees. The Company uses December 31st as the measurement date for all of its employee benefit plans.

The following table summarizes the total changes in the Company's pension and accrued post-retirement benefits and plan assets and includes a statement of the plans' funded status:

	Pension Benefits		Other Post-Retirement Benefits	
	Year Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	(In thousands)			
Change in benefit obligation:				
Projected benefit obligation, beginning of year	$ 1,765,493	$ 1,640,418	$ 35,085	$ 28,823
Acquisitions	31,914	48,938	4,983	1,011
Service cost	4,612	4,883	33	155
Interest cost	54,807	70,469	1,170	1,304
Actuarial (gain) loss	(93,878)	211,170	(6,410)	5,553
Foreign exchange effect	(77,854)	(97,525)	—	—
Benefits paid	(105,589)	(111,971)	(1,942)	(1,761)
Settlements	(29,811)	(1,387)	—	—
Other	949	498	174	—
Projected benefit obligation, end of year	$ 1,550,643	$ 1,765,493	$ 33,093	$ 35,085
Accumulated benefit obligation, end of year	$ 1,530,327	$ 1,739,642	$ 33,093	$ 35,085
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 1,469,103	$ 1,367,315	$ —	$ —
Acquisitions	28,591	42,051	—	—
Actual return on plan assets	(9,390)	174,065	—	—
Employer contribution(1)	45,594	69,714	1,942	1,761
Foreign exchange effect	(63,060)	(70,851)	—	—
Benefits paid	(105,589)	(111,971)	(1,942)	(1,761)
Settlements	(28,399)	(1,387)	—	—
Other	555	167	—	—
Fair value of plan assets, end of year	$ 1,337,405	$ 1,469,103	$ —	$ —
Funded status, end of year	$ (213,238)	$ (296,390)	$ (33,093)	$ (35,085)
Amounts recognized on the Consolidated Balance Sheet at December 31:				
Non-current assets	$ 73,914	$ 58,997	$ —	$ —
Current liabilities	(4,741)	(5,328)	(2,915)	(2,749)
Non-current liabilities	(282,411)	(350,059)	(30,178)	(32,336)
Total	$ (213,238)	$ (296,390)	$ (33,093)	$ (35,085)

(1) Contributions during the years ended December 31, 2015 and 2014 include contributions of 66,000 and 183,000 shares of Colfax Common stock, respectively, with values on the contribution dates of approximately $3.4 million and $11.9 million, respectively.

The accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $1.0 billion and $0.7 billion, respectively, as of December 31, 2015 and $1.3 billion and $1.0 billion, respectively, as of December 31, 2014.

The projected benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $1.0 billion and $0.7 billion, respectively, as of December 31, 2015 and $1.4 billion and $1.1 billion, respectively, as of December 31, 2014.

The following table summarizes the changes in the Company's foreign pension benefit obligation, which is determined based upon an employee's expected date of separation, and plan assets, included in the table above, and includes a statement of the plans' funded status:

	Foreign Pension Benefits	
	Year Ended December 31,	
	2015	2014
	(In thousands)	
Change in benefit obligation:		
Projected benefit obligation, beginning of year	$ 1,265,143	$ 1,205,554
Acquisitions	—	21,578
Service cost	4,506	4,883
Interest cost	37,253	51,658
Actuarial (gain) loss	(64,801)	144,232
Foreign exchange effect	(77,854)	(97,525)
Benefits paid	(60,162)	(64,347)
Settlements	(29,811)	(1,387)
Other	949	497
Projected benefit obligation, end of year	$ 1,075,223	$ 1,265,143
Accumulated benefit obligation, end of year	$ 1,054,907	$ 1,239,292
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 1,079,497	$ 999,197
Acquisitions	—	20,873
Actual return on plan assets	11,159	139,460
Employer contribution	41,659	56,384
Foreign exchange effect	(63,060)	(70,851)
Benefits paid	(60,162)	(64,347)
Settlements	(28,399)	(1,387)
Other	555	168
Fair value of plan assets, end of year	$ 981,249	$ 1,079,497
Funded status, end of year	$ (93,974)	$ (185,646)

Expected contributions to the Company's pension and other post-employment benefit plans for the year ending December 31, 2016, related to plans as of December 31, 2015, are $34.9 million. The following benefit payments are expected to be paid during each respective fiscal year:

	Pension Benefits		Other Post-Retirement Benefits
	All Plans	Foreign Plans	
	(In thousands)		
2016	$ 88,062	$ 53,907	$ 2,915
2017	88,781	54,821	2,823
2018	89,611	55,994	2,717
2019	88,702	55,459	2,490
2020	89,083	56,074	2,268
2021- 2025	445,740	289,491	9,076

The Company's primary investment objective for its pension plan assets is to provide a source of retirement income for the plans' participants and beneficiaries. The assets are invested with the goal of preserving principal while providing a reasonable real rate of return over the long term. Diversification of assets is achieved through strategic allocations to various asset classes. Actual allocations to each asset class vary due to periodic investment strategy changes, market value fluctuations, the length of time it takes to fully implement investment allocation positions, and the timing of benefit payments and contributions. The asset allocation is monitored and rebalanced as required, as frequently as on a quarterly basis in some instances. The following are the actual and target allocation percentages for the Company's pension plan assets:

	Actual Asset Allocation December 31,		Target
	2015	2014	Allocation
U.S. Plans:			
Equity securities:			
U.S.	42%	43%	30% - 45%
International	16%	15%	10% - 20%
Fixed income	41%	41%	30% - 50%
Other	1%	1%	0% - 20%
Cash and cash equivalents	—%	—%	0% - 5%
Foreign Plans:			
Equity securities	32%	30%	10% - 50%
Fixed income securities	64%	66%	50% - 90%
Cash and cash equivalents	1%	1%	0% - 25%
Other	3%	3%	0% - 5%

A summary of the Company's pension plan assets for each fair value hierarchy level for the periods presented follows (see Note 14, "Financial Instruments and Fair Value Measurements" for further description of the levels within the fair value hierarchy):

	December 31, 2015				
	Measured at Net Asset Value[(1)]	Level One	Level Two	Level Three	Total
	(In thousands)				
U.S. Plans:					
Equity securities:					
U.S. large cap	$ 100,226	$ —	$ —	$ —	$ 100,226
U.S. small/mid cap	40,899	7,874	—	—	48,773
International	58,642	—	—	—	58,642
Fixed income mutual funds:					
U.S. government and corporate	143,787	—	—	—	143,787
Other[(2)]	2,917	1,811	—	—	4,728
Foreign Plans:					
Cash and cash equivalents	—	12,832	—	—	12,832
Equity securities	130,078	150,376	32,398	—	312,852
Non-U.S. government and corporate bonds	—	282,504	343,870	—	626,374
Other[(2)]	—	1,964	27,227	—	29,191
	$ 476,549	$ 457,361	$ 403,495	$ —	$ 1,337,405

(1) In accordance with ASU No. 2015-07, certain investments that are measured at fair value using the net asset value per share (or its equivalent)practical expedient (the "NAV") have not been classified in the fair value hierarchy. These investments, consisting of common/collective trusts, are valued using the NAV provided by the Trustee. The NAV is based on the underlying investments held by the fund, that are traded in an active market, less its liabilities. These investments are able to be redeemed in the near-term. See further discussion in Note 3, "Recently Issued Accounting Pronouncements".

(2) Represents diversified portfolio funds, real estate and reinsurance contracts and money market funds.

	December 31, 2014				
	Measured at Net Asset Value[1]	Level One	Level Two	Level Three	Total
	(In thousands)				
U.S. Plans:					
Equity securities:					
U.S. large cap	$ 100,263	$ 3,901	$ —	$ —	$ 104,164
U.S. small/mid cap	43,670	19,540	—	—	63,210
International	56,252	2,461	—	—	58,713
Fixed income mutual funds:					
U.S. government and corporate	147,364	10,508	—	—	157,872
Structured loan fund	1,226	—	—	—	1,226
Other[2]	2,798	1,623	—	—	4,421
Foreign Plans:					
Cash and cash equivalents	—	12,951	—	—	12,951
Equity securities	125,273	161,524	39,310	—	326,107
Non-U.S. government and corporate bonds	—	308,705	399,285	—	707,990
Other[2]	—	2,040	30,409	—	32,449
	$ 476,846	$ 523,253	$ 469,004	$ —	$ 1,469,103

[1] In accordance with ASU No. 2015-07, certain investments that are measured at fair value using the net asset value per share (or its equivalent)practical expedient (the "NAV") have not been classified in the fair value hierarchy. These investments, consisting primarily of common/collective trusts, are valued using the NAV provided by the Trustee. The NAV is based on the underlying investments held by the fund, that are traded in an active market, less its liabilities. These investments are able to be redeemed in the near-term. See further discussion in Note 3, "Recently Issued Accounting Pronouncements".

[2] Represents diversified portfolio funds and reinsurance contracts maintained for certain plans.

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

	Pension Benefits			Other Post-Retirement Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2015	2014	2013	2015	2014	2013
	(In thousands)					
Components of Net Periodic Benefit Cost:						
Service cost	$ 4,612	$ 4,883	$ 3,985	$ 33	$ 155	$ 179
Interest cost	54,807	70,469	63,132	1,170	1,304	1,090
Amortization	11,515	6,608	9,672	259	468	609
Settlement (gain) loss	(582)	190	(592)	—	—	—
Other	525	328	(154)	174	—	125
Expected return on plan assets	(58,107)	(69,055)	(58,511)	—	—	—
Net periodic benefit cost	$ 12,770	$ 13,423	$ 17,532	$ 1,636	$ 1,927	$ 2,003
Change in Plan Assets and Benefit Obligations Recognized in Other Comprehensive (Loss) Income:						
Current year net actuarial (gain) loss	$ (33,558)	$ 96,005	$ (69,463)	$ (6,410)	$ 5,553	$ (6,072)
Less amounts included in net periodic benefit cost:						
Amortization of net loss	(11,515)	(6,608)	(9,672)	(11)	(220)	(361)
Settlement loss	(952)	(190)	(32)	—	—	—
Amortization of prior service cost	—	—	—	(248)	(248)	(248)
Total recognized in Other comprehensive (loss) income	$ (46,025)	$ 89,207	$ (79,167)	$ (6,669)	$ 5,085	$ (6,681)

The following table sets forth the components of net periodic benefit cost and Other comprehensive (loss) income of the foreign defined benefit pension plans, included in the table above:

	Foreign Pension Benefits		
	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Components of Net Periodic Benefit Cost:			
Service cost	$ 4,506	$ 4,883	$ 3,985
Interest cost	37,253	51,658	46,775
Amortization	4,272	1,669	2,305
Settlement (gain) loss	(582)	190	(592)
Other	525	328	(154)
Expected return on plan assets	(32,921)	(44,287)	(34,541)
Net periodic benefit cost	$ 13,053	$ 14,441	$ 17,778
Change in Plan Assets and Benefit Obligations Recognized in Other Comprehensive (Loss) Income:			
Current year net actuarial (gain) loss	$ (50,216)	$ 38,904	$ (16,121)
Less amounts included in net periodic benefit cost:			
Amortization of net loss	(4,272)	(1,669)	(2,305)
Settlement loss	(952)	(190)	(32)
Amortization of prior service cost	—	—	—
Total recognized in Other comprehensive (loss) income	$ (55,440)	$ 37,045	$ (18,458)

The components of net unrecognized pension and other post-retirement benefit cost included in Accumulated other comprehensive loss in the Consolidated Balance Sheets that have not been recognized as a component of net periodic benefit cost are as follows:

	Pension Benefits		Other Post-Retirement Benefits	
	December 31,		December 31,	
	2015	2014	2015	2014
	(In thousands)			
Net actuarial loss (gain)	$ 239,225	$ 285,250	$ (1,845)	$ 4,576
Prior service cost	—	—	559	807
Total	$ 239,225	$ 285,250	$ (1,286)	$ 5,383

The components of net unrecognized pension and other post-retirement benefit cost included in Accumulated other comprehensive loss in the Consolidated Balance Sheet that are expected to be recognized as a component of net periodic benefit cost during the year ending December 31, 2016 are as follows:

	Pension Benefits	Other Post-Retirement Benefits
	(In thousands)	
Net actuarial loss	$ 8,336	$ 8
Prior service cost	—	248
Total	$ 8,336	$ 256

The key economic assumptions used in the measurement of the Company's pension and other post-retirement benefit obligations are as follows:

	Pension Benefits		Other Post-Retirement Benefits	
	December 31,		December 31,	
	2015	2014	2015	2014
Weighted-average discount rate:				
All plans	3.6%	3.3%	4.0%	3.6%
Foreign plans	3.5%	3.3%	—	—
Weighted-average rate of increase in compensation levels for active foreign plans	1.5%	1.6%	—	—

The key economic assumptions used in the computation of net periodic benefit cost are as follows:

	Pension Benefits			Other Post-Retirement Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2015	2014	2013	2015	2014	2013
Weighted-average discount rate:						
All plans	3.3%	4.4%	4.0%	3.6%	4.4%	3.5%
Foreign plans	3.3%	4.4%	4.2%	—	—	—
Weighted-average expected return on plan assets:						
All plans	4.7%	5.4%	5.1%	—	—	—
Foreign plans	3.9%	4.9%	4.3%	—	—	—
Weighted-average rate of increase in compensation levels for active foreign plans	1.6%	1.7%	1.5%	—	—	—

In determining discount rates, the Company utilizes the single discount rate equivalent to discounting the expected future cash flows from each plan using the yields at each duration from a published yield curve as of the measurement date.

For measurement purposes, a weighted-average annual rate of increase in the per capita cost of covered health care benefits of approximately 6.0% was assumed. The rate was assumed to decrease gradually to 5.0% by 2021 for one the Company's plans and to 4.5% by 2027 for the remaining plans and remain at those levels thereafter for benefits covered under the plans.

The expected long-term rate of return on plan assets was based on the Company's investment policy target allocation of the asset portfolio between various asset classes and the expected real returns of each asset class over various periods of time that are consistent with the long-term nature of the underlying obligations of these plans.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would have the following pre-tax effects:

	1% Increase	1% Decrease
	(in thousands)	
Effect on total service and interest cost components for the year ended December 31, 2015	$ 118	$ (95)
Effect on post-retirement benefit obligation at December 31, 2015	3,035	(2,471)

The Company maintains defined contribution plans covering certain union and non-union employees. The Company's expense for the years ended December 31, 2015, 2014 and 2013 was $26.5 million, $25.3 million and $21.5 million, respectively.

14. Financial Instruments and Fair Value Measurements

The company utilizes fair value measurement guidance prescribed by accounting standards to value its financial instruments. The guidance establishes a fair value hierarchy based on the inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level One: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level Two: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level Three: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying values of financial instruments, including Trade receivables, other receivables and Accounts payable, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's debt of $1.4 billion and $1.5 billion as of December 31, 2015 and 2014, 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 on a recurring basis for each fair value hierarchy level for the periods presented is as follows:

	December 31, 2015			
	Level One	Level Two	Level Three	Total
	(In thousands)			
Assets:				
Cash equivalents	$ 22,516	$ —	$ —	$ 22,516
Foreign currency contracts related to sales - designated as hedges	—	988	—	988
Foreign currency contracts related to sales - not designated as hedges	—	664	—	664
Foreign currency contracts related to purchases - designated as hedges	—	1,554	—	1,554
Foreign currency contracts related to purchases - not designated as hedges	—	338	—	338
Deferred compensation plans	—	4,000	—	4,000
	$ 22,516	$ 7,544	$ —	$ 30,060
Liabilities:				
Foreign currency contracts related to sales - designated as hedges	$ —	$ 6,368	$ —	$ 6,368
Foreign currency contracts related to sales - not designated as hedges	—	969	—	969
Foreign currency contracts related to purchases - designated as hedges	—	322	—	322
Foreign currency contracts related to purchases - not designated as hedges	—	128	—	128
Deferred compensation plans	—	4,000	—	4,000
	$ —	$ 11,787	$ —	$ 11,787

	December 31, 2014			
	Level One	Level Two	Level Three	Total
	(In thousands)			
Assets:				
Cash equivalents	$ 23,143	$ —	$ —	$ 23,143
Foreign currency contracts related to sales - designated as hedges	—	4,524	—	4,524
Foreign currency contracts related to sales - not designated as hedges	—	1,007	—	1,007
Foreign currency contracts related to purchases - designated as hedges	—	1,980	—	1,980
Foreign currency contracts related to purchases - not designated as hedges	—	478	—	478
Deferred compensation plans	—	2,941	—	2,941
	$ 23,143	$ 10,930	$ —	$ 34,073
Liabilities:				
Foreign currency contracts related to sales - designated as hedges	$ —	$ 7,163	$ —	$ 7,163
Foreign currency contracts related to sales - not designated as hedges	—	2,793	—	2,793
Foreign currency contracts related to purchases - designated as hedges	—	695	—	695
Foreign currency contracts related to purchases - not designated as hedges	—	661	—	661
Deferred compensation plans	—	2,941	—	2,941
	$ —	$ 14,253	$ —	$ 14,253

There were no transfers in or out of Level One, Two or Three during the year ended December 31, 2015.

Cash Equivalents

The Company's cash equivalents consist of investments in interest-bearing deposit accounts and money market mutual funds which are valued based on quoted market prices. The fair value of these investments approximate cost due to their short-term maturities and the high credit quality of the issuers of the underlying securities.

Derivatives

The Company periodically enters into foreign currency, interest rate swap and commodity derivative contracts. The Company uses interest rate swaps to manage exposure to interest rate fluctuations. Foreign currency contracts are used to manage exchange rate fluctuations. Commodity futures contracts are used to manage costs of raw materials used in the Company's production processes.

There were no changes during the periods presented in the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

Foreign Currency Contracts.

Foreign currency contracts are measured using broker quotations or observable market transactions in either listed or over-the-counter markets. The Company primarily uses foreign currency contracts to mitigate the risk associated with customer forward sale agreements denominated in currencies other than the applicable local currency, and to match costs and expected revenues where production facilities have a different currency than the selling currency.

As of December 31, 2015 and 2014, the Company had foreign currency contracts with the following notional values:

	December 31,	
	2015	2014
	(In thousands)	
Foreign currency contracts sold - not designated as hedges	$ 119,653	$ 124,838
Foreign currency contracts sold - designated as hedges	206,366	250,743
Foreign currency contracts purchased - not designated as hedges	41,480	36,080
Foreign currency contracts purchased - designated as hedges	62,794	53,944
Total foreign currency derivatives	$ 430,293	$ 465,605

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

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Contracts Designated as Hedges:			
Foreign Currency Contracts - related to customer sales contracts:			
Unrealized (loss) gain	$ (2,350)	$ (4,706)	$ 3,801
Realized (loss) gain	(512)	(5,776)	654
Foreign Currency Contracts - related to supplier purchase contracts:			
Unrealized (loss) gain	(1,173)	(1,719)	397
Realized gain (loss)	756	3,386	(298)
Unrealized gain (loss) on net investment hedges[(1)]	14,537	39,374	(14,261)
Contracts Not Designated in a Hedge Relationship:			
Foreign Currency Contracts - related to customer sales contracts:			
Unrealized gain (loss)	2,260	(1,389)	(762)
Realized (loss) gain	(5,644)	(4,342)	1,112
Foreign Currency Contracts - related to supplier purchases contracts:			
Unrealized gain (loss)	393	(1,304)	1,687
Realized gain	1,165	1,355	1,359

[(1)] The unrealized gain (loss) on net investment hedges is attributable to the change in valuation of Euro denominated debt.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Concentrations of credit risk are considered to exist when there are amounts collectible from multiple counterparties with similar characteristics, which could cause their ability to meet contractual obligations to be similarly impacted by economic or other conditions. The Company performs credit evaluations of its customers prior to delivery or commencement of services and normally does not require collateral. Letters of credit are occasionally required when the Company deems necessary. Customers purchasing from our operations in China represented 20% and 18% of the Company's Accounts receivable, net as of December 31, 2015 and 2014, respectively.

15. Commitments and Contingencies

Asbestos and Other Product Liability Contingencies

Certain subsidiaries are each one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. Such components were acquired from third-party suppliers, and were not manufactured by any of the Company's subsidiaries nor were the subsidiaries producers or direct suppliers of asbestos. The manufactured products that are alleged to have contained asbestos generally were provided to meet the specifications of the subsidiaries' customers, including the U.S. Navy.

The subsidiaries settle asbestos claims for amounts the Company considers reasonable given the facts and circumstances of each claim. The annual average settlement payment per asbestos claimant has fluctuated during the past several years. The Company expects such fluctuations to continue in the future based upon, among other things, the number and type of claims settled in a particular period and the jurisdictions in which such claims arise. To date, the majority of settled claims have been dismissed for no payment.

Claims activity since December 31 related to asbestos claims is as follows[1]:

	Year Ended December 31,		
	2015	2014	2013
	(Number of claims)		
Claims unresolved, beginning of period	21,681	22,393	23,523
Claims filed[2]	4,821	4,850	6,299
Claims resolved[3]	(5,919)	(5,562)	(7,429)
Claims unresolved, end of period	20,583	21,681	22,393
	(In dollars)		
Average cost of resolved claims[4]	$ 6,056	$ 7,513	$ 5,979

(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.
(4) Excludes claims settled in Mississippi for which the majority of claims have historically been resolved for no payment and insurance recoveries.

The Company has projected each subsidiary's future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is a standard approach used by experts and has been accepted by numerous courts. It is the Company's policy to record a liability for asbestos-related liability costs for the longest period of time that it can reasonably estimate.

The Company believes that it can reasonably estimate the asbestos-related liability for pending and future claims that will be resolved in the next 15 years and has recorded that liability as its best estimate. While it is reasonably possible that the subsidiaries will incur costs after this period, the Company does not believe the reasonably possible loss or range of reasonably possible loss is estimable at the current time. Accordingly, no accrual has been recorded for any costs which may be paid after the next 15 years. Defense costs associated with asbestos-related liabilities as well as costs incurred related to litigation against the subsidiaries' insurers are expensed as incurred.

Each subsidiary has separate insurance coverage acquired prior to Company ownership of each independent entity. In its evaluation of the insurance asset, the Company used differing insurance allocation methodologies for each subsidiary based upon the applicable law pertaining to the affected subsidiary.

For one of the subsidiaries, the Delaware Court of Chancery ruled on October 14, 2009 that asbestos-related costs should be allocated among excess insurers using an "all sums" allocation (which allows an insured to collect all sums paid in connection with a claim from any insurer whose policy is triggered, up to the policy's applicable limits) and that the subsidiary has rights to excess insurance policies purchased by a former owner of the business. Based upon this ruling mandating an "all sums" allocation, as well as more recent rulings by the Delaware Superior Court concerning the subsidiary's coverage rights, the Company currently estimates that the subsidiary's future expected recovery percentage is approximately 93% of asbestos-related costs with the subsidiary expected to be responsible for approximately 7% of its future asbestos-related costs. Depending on the outcome of the appeal discussed below, the expected insurance recovery percentage could change.

The subsidiary was notified in 2010 by the primary and umbrella carrier who had been fully defending and indemnifying the subsidiary for 20 years that the limits of liability of its primary and umbrella layer policies had been exhausted. Since then, the subsidiary has sought coverage from certain excess layer insurers whose terms and conditions follow form to the umbrella carrier. Certain first-layer excess insurers have defended and/or indemnified the subsidiary, subject to their reservations of rights and their applicable policy limits. A trial concerning the payment obligations of the Company's excess insurers concluded during the fourth quarter of 2012 and the Superior Court issued a final judgment during the third quarter of 2014. Appeals have been entered. The subsidiary has been largely unsuccessful in obtaining defense and indemnity payments from its excess insurers. While not impacting the results of operations, the Company has funded $78.4 million that it expects its excess insurers to ultimately reimburse through December 31, 2015, and until the final rulings ordering payment by the insurers are issued, cash funding could range up to $10 million per quarter until final resolution.

Various aspects of the final judgments of the Delaware Court of Chancery and Superior Court have been appealed to the Delaware Supreme Court, and an oral argument before the Delaware Supreme Court was held on May 27, 2015. The Delaware Supreme Court has certified certain questions of law to the New York Court of Appeals, New York's highest appellate court, including the question of what allocation methodology should be applied to the subsidiary's policies. In the event that the New York court were to apply a methodology other than "all sums", the subsidiary's future expected recovery would likely be reduced by amounts that we estimate could range from minimal to $30 million.

In 2003, another subsidiary filed a lawsuit against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance for asbestos-related bodily injury claims asserted against it. Although none of these insurance companies contested coverage, they disputed the timing, reasonableness and allocation of payments. It was determined by court ruling in 2007 that the allocation methodology mandated by the New Jersey courts will apply. Further court rulings in December of 2009 clarified the allocation calculation related to amounts currently due from insurers as well as amounts the Company expects to be reimbursed for asbestos-related costs incurred in future periods.

In connection with this litigation, the court engaged a special master to review the appropriate information and recommend an allocation formula in accordance with applicable law and the facts of the case. During 2010, the court-appointed special allocation master made its recommendation. In May 2011, the court accepted the recommendation with modifications. A final judgment at the trial court level in this litigation was rendered during the year ended December 31, 2011. The Appellate Division confirmed the trial court rulings during the year ended December 31, 2014. In 2015, the New Jersey Supreme Court refused to grant certification of the appeals, effectively ending the matter. The subsidiary expects to be responsible for approximately 19.9% of all future asbestos-related costs.

Due to a statistically significant increase in mesothelioma and lung cancer claims and higher settlement values per claim that have occurred and are expected to continue to occur in certain jurisdictions, partially offset by lower claims and lower settlement values per claim in other jurisdictions, the Company recorded a $0.6 million pre-tax charge during year ended December 31, 2013. The pre-tax charge was comprised of an increase in asbestos-related liabilities of $10.8 million partially offset by an increase in expected insurance recoveries of $10.2 million. During the year ended December 31, 2014, the Company recorded a $6.9 million pre-tax charge, comprised of an increase in asbestos-related liabilities of $14.5 million partially offset by an increase in expected insurance recoveries of $7.6 million, due to a higher number of asbestos claims settlements and a decline in the insurance recovery rate that have occurred. Due to an increase in mesothelioma and lung cancer claims and higher settlement values per claim that have occurred and are expected to continue to occur in certain jurisdictions, the Company recorded a $4.1 million pre-tax charge during the year ended December 31, 2015. The pre-tax charge was comprised of an increase in asbestos-related liabilities of $20.2

million partially offset by an increase in expected insurance recoveries of $16.1 million. These pre-tax charges were included in Selling, general and administrative expense in the Consolidated Statements of Income.

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

	December 31,	
	2015	2014
	(In thousands)	
Current asbestos insurance asset[1]	$ 28,872	$ 34,540
Long-term asbestos insurance asset[2]	284,095	282,679
Long-term asbestos insurance receivable[2]	96,007	82,340
Accrued asbestos liability[3]	48,780	50,175
Long-term asbestos liability[4]	350,394	346,099

[1] Included in Other current assets in the Consolidated Balance Sheets.
[2] Included in Other assets in the Consolidated Balance Sheets.
[3] Represents current accruals 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 Consolidated Balance Sheets.
[4] Included in Other liabilities in the 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.

General Litigation

On April 10, 2015, the Court of Chancery of the State of Delaware dismissed with prejudice, in its entirety and on the merits, the derivative action brought in March 2014 by two alleged stockholders of the Company against our directors, BDT CF Acquisition Vehicle, LLC and BDT Capital Partners, LLC.

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

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

Minimum Lease Obligations

The Company's minimum obligations under non-cancelable operating leases are as follows:

	December 31, 2015
	(In thousands)
2016	$ 32,121
2017	19,798
2018	15,624
2019	14,064
2020	12,390
Thereafter	47,333
Total	$ 141,330

The Company's operating leases extend for varying periods and, in some cases, contain renewal options that would extend the existing terms. During the years ended December 31, 2015, 2014 and 2013, the Company's net rental expense related to operating leases was $39.9 million, $39.8 million and $35.4 million, respectively.

Off-Balance Sheet Arrangements

As of December 31, 2015, the Company had $351.4 million of unconditional purchase obligations with suppliers, substantially all of which is expected to be paid by December 31, 2016.

16. Segment Information

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

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

- ***Fabrication Technology*** - a global supplier of welding equipment and consumables, cutting equipment and consumables and automated welding and cutting systems.

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

The Company's segment results were as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net sales:			
Gas and fluid handling	$ 1,981,816	$ 2,329,598	$ 2,104,048
Fabrication technology	1,985,237	2,294,878	2,103,161
Total Net sales	$ 3,967,053	$ 4,624,476	$ 4,207,209
Segment operating income (loss)[(1)]:			
Gas and fluid handling	$ 194,469	$ 254,240	$ 270,708
Fabrication technology	198,337	265,813	219,634
Corporate and other	(46,984)	(52,379)	(48,448)
Total segment operating income	$ 345,822	$ 467,674	$ 441,894
Depreciation, amortization and impairment charges:			
Gas and fluid handling	$ 68,457	$ 96,763	$ 62,792
Fabrication technology	84,913	76,406	55,339
Corporate and other	1,172	1,555	1,127
Total depreciation, amortization and impairment charges	$ 154,542	$ 174,724	$ 119,258
Capital expenditures:			
Gas and fluid handling	$ 34,303	$ 32,558	$ 37,995
Fabrication technology	35,261	47,955	33,437
Corporate and other	313	3,945	50
Total capital expenditures	$ 69,877	$ 84,458	$ 71,482

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

	Year Ended December 31,		
	2015	2014	2013
Income before income taxes	$ 236,902	$ 358,248	$ 302,795
Interest expense	47,743	51,305	103,597
Restructuring and other related charges	61,177	58,121	35,502
Segment operating income	$ 345,822	$ 467,674	$ 441,894

	December 31,	
	2015	2014
	(In thousands)	
Investments in Equity Method Investees:		
Gas and fluid handling	$ 3,805	$ 7,085
Fabrication technology	42,106	45,411
	$ 45,911	$ 52,496
Total Assets[1]:		
Gas and fluid handling	$ 3,482,471	$ 3,648,860
Fabrication technology	3,157,078	3,470,426
Corporate and other	93,370	92,231
Total Assets	$ 6,732,919	$ 7,211,517

[1] During the year ended December 31, 2015 the Company retrospectively adjusted provisional amounts with respect to an acquisition completed during the three months ended June 27, 2014 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. See Note 4, "Acquisitions" for further discussion regarding these adjustments. The Company also retrospectively adjusted amounts recorded as of December 31, 2014 for the adoption of ASU 2015-03 and ASU 2015-17. See Note 3, "Recently Issued Accounting Pronouncements" for further discussion.

The detail of the Company's operations by product type and geography is as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net Sales by Major Product:			
Gas handling	$ 1,449,115	$ 1,676,180	$ 1,440,731
Fluid handling	532,701	653,418	663,317
Welding and cutting	1,985,237	2,294,878	2,103,161
Total Net sales	$ 3,967,053	$ 4,624,476	$ 4,207,209
Net Sales by Origin[1]:			
United States	$ 1,124,883	$ 1,097,864	$ 836,636
Foreign locations	2,842,170	3,526,612	3,370,573
Total Net sales	$ 3,967,053	$ 4,624,476	$ 4,207,209

[1] The Company attributes revenues from external customers to individual countries based upon the country in which the sale was originated.

	December 31,	
	2015	2014[2]
	(In thousands)	
Property, Plant and Equipment, Net[1]:		
United States	$ 179,194	$ 177,957
Czech Republic	75,540	79,430
China	63,784	76,959
Other Foreign Locations	326,018	393,089
Property, plant and equipment, net	$ 644,536	$ 727,435

[1] As the Company does not allocate all long-lived assets, specifically intangible assets, to each individual country, evaluation of long-lived assets in total is impracticable.
[2] During the year ended December 31, 2015 the Company retrospectively adjusted provisional amounts with respect to an acquisition completed during the three months ended June 27, 2014 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. See Note 4, "Acquisitions" for further discussion regarding these adjustments.

17. Selected Quarterly Data—(unaudited)

Provided below is selected unaudited quarterly financial data for the years ended December 31, 2015 and 2014.

	Quarter Ended			
	March 27, 2015	June 26, 2015	September 25, 2015	December 31, 2015[3]
	(In thousands, except per share data)			
Net sales	$ 911,070	$ 1,025,375	$ 969,144	$ 1,061,464
Gross profit	294,438	328,037	295,874	333,425
Net income	56,275	58,829	23,545	48,529
Net income attributable to Colfax Corporation common shareholders	52,056	53,127	18,359	44,197
Net income per share – basic	$ 0.42	$ 0.43	$ 0.15	$ 0.36
Net income per share – diluted	$ 0.42	$ 0.42	$ 0.15	$ 0.36

	Quarter Ended			
	March 28, 2014[1]	June 27, 2014[2]	September 26, 2014	December 31, 2014[3]
	(In thousands, except per share data)			
Net sales	$ 1,054,331	$ 1,199,336	$ 1,164,453	$ 1,206,356
Gross profit	325,632	388,171	373,195	391,847
Net income	54,837	198,344	81,303	85,789
Net income attributable to Colfax Corporation common shareholders	24,877	191,785	73,389	80,134
Net income per share – basic	$ 0.22	$ 1.55	$ 0.59	$ 0.65
Net income per share – diluted	$ 0.22	$ 1.53	$ 0.59	$ 0.64

[1] On February 12, 2014 the Company entered into a Conversion Agreement with the BDT Investor. As consideration for the BDT Investor's agreement to exercise its optional conversion right, the Company paid approximately $23.4 million to the BDT Investor, of which $19.6 million represents the Preferred stock conversion inducement payment. See Note 11, "Equity" for additional information regarding the Preferred stock conversion inducement payment.
[2] Net income and Net income per share for the three months ended June 27, 2014 includes the benefit of deferred tax assets as a result of the effect of the Victor Acquisition on expected future income. This reassessment resulted in a decrease in the Company's valuation allowance against U.S. deferred tax assets. The reduction in the valuation allowance created a non-cash income tax benefit for the three months ended June 27, 2014 of $113.1 million.
[3] Net income and Net income per share for the three months ended December 31, 2015 and 2014, was favorably impacted by the enactment of the U.S. tax extenders packages related to the exemption from taxation of certain foreign income in the United States.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***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 December 31, 2015. 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-K has been recorded, processed, summarized and reported as of the end of the period covered by this report on Form 10-K.

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 have been no changes 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 most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Colfax Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an assessment of the effectiveness of internal control over financial reporting as of December 31, 2015 based on the criteria established in *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2015.

Our independent registered public accounting firm is engaged to express an opinion on our internal control over financial reporting, as stated in its report which is included in Part II, Item 8 of this Form 10-K under the caption "Report of Independent Registered Public Accounting Firm—Internal Control Over Financial Reporting."

Item 9B. ***Other Information***

On February 15, 2016, the Company entered into a second amendment to the registration rights agreement, dated May 30, 2003 and as amended February 18, 2013, by the Company and each of Mitchell P. Rales and Steven M. Rales.

The amendment extends the duration of the registration rights period for 18,271,832 shares of Colfax Common stock subject to the agreement until May 8, 2019. In consideration for entering into the amendment, each of Mitchell P. Rales and Steven M. Rales agreed to refrain from exercising their registration rights prior to May 8, 2016, the expiration date of the registration rights period under the prior amended agreement.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Information relating to our Executive Officers is set forth in Part I of this Form 10-K under the caption "Executive Officers of the Registrant." Additional information regarding our Directors, Audit Committee and compliance with Section 16(a) of the Exchange Act is incorporated by reference to such information included in our proxy statement for our 2016 annual meeting to be filed with the SEC within 120 days after the end of the fiscal year covered by this Form 10-K (the "2016 Proxy Statement") under the captions "Election of Directors", "Board of Directors and its Committees - Audit Committee" and "Section 16(a) Beneficial Ownership Reporting Compliance".

As part of our system of corporate governance, our Board of Directors has adopted a code of ethics that applies to all employees, including our principal executive officer, our principal financial and accounting officer or other persons performing similar functions. A copy of the code of ethics is available on the Corporate Governance page of the Investor Relations section of our website at www.colfaxcorp.com. We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our code of ethics by posting such information on our website at the address above.

Item 11. ***Executive Compensation***

Information responsive to this item is incorporated by reference to such information included in our 2016 Proxy Statement under the captions "Executive Compensation", "Director Compensation", "Compensation Discussion and Analysis", "Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation."

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information responsive to this item is incorporated by reference to such information included in our 2016 Proxy Statement under the captions "Beneficial Ownership of Our Common Stock" and "Equity Compensation Plan Information."

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information responsive to this item is incorporated by reference to such information included in our 2016 Proxy Statement under the captions "Certain Relationships and Related Person Transactions" and "Director Independence."

Item 14. ***Principal Accountant Fees and Services***

Information responsive to this item is incorporated by reference to such information included in our 2016 Proxy Statement under the captions "Independent Registered Public Accounting Firm Fees and Services" and "Audit Committee's Pre-Approval Policies and Procedures."

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(A) The following documents are filed as part of this report.

(1) Financial Statements. The financial statements are set forth under “Item 8. Financial Statements and Supplementary Data” of this report on Form 10-K.
(2) Schedules. An index of Exhibits and Schedules begins on page

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of this report. Schedules other than those listed below have been omitted from this Annual Report because they are not required, are not applicable or the required information is included in the financial statements or the notes thereto.

(B) Exhibits. The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

(C) Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on February 16, 2016.

COLFAX CORPORATION

By: /s/ MATTHEW L. TREROTOLA
Matthew L. Trerotola
President and Chief Executive Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Date: February 16, 2016

/s/ MATTHEW L. TREROTOLA
Matthew L. Trerotola
President and Chief Executive Officer
(Principal Executive Officer)

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

/s/ MITCHELL P. RALES
Mitchell P. Rales
Chairman of the Board

/s/ PATRICK W. ALLENDER
Patrick W. Allender
Director

/s/ THOMAS S. GAYNER
Thomas S. Gayner
Director

/s/ RHONDA L. JORDAN
Rhonda L. Jordan
Director

/s/ SAN W. ORR, III
San W. Orr, III
Director

/s/ A. CLAYTON PERFALL
A. Clayton Perfall
Director

/s/ STEVEN E. SIMMS
Steven E. Simms
Director

/s/ RAJIV VINNAKOTA
Rajiv Vinnakota
Director

EXHIBIT INDEX

Exhibit No.	Description	Location*
3.1	Amended and Restated Certificate of Incorporation of Colfax Corporation	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.
3.2	Colfax Corporation Amended and Restated Bylaws	Incorporated by reference to Exhibit 3.2 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 23, 2015
4.1	Specimen Common Stock Certificate	
10.1	Conversion Agreement, dated February 12, 2014, between Colfax Corporation and BDT CF Acquisition Vehicle, LLC	Incorporated by reference to Exhibit 10.01 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on February 12, 2014
10.2	Colfax Corporation 2008 Omnibus Incentive Plan**	
10.3	Colfax Corporation 2008 Omnibus Incentive Plan, as amended and restated April 2, 2012**	Incorporated by reference to Exhibit 10.07 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on August 7, 2012
10.4	Form of Non-Qualified Stock Option Agreement **	
10.5	Form of Performance Stock Unit Agreement**	
10.6	Form of Outside Director Restricted Stock Unit Agreement (Three Year Vesting)**	
10.7	Form of Outside Director Deferred Stock Unit Agreement**	
10.8	Form of Outside Director Deferred Stock Unit Agreement for deferral of grants of restricted stock (Three Year Vesting)**	
10.9	Form of Outside Director Deferred Stock Unit Agreement for deferral of director fees**	
10.10	Form of Outside Director Non-Qualified Stock Option Agreement**	Incorporated by reference to Exhibit 10.08 to Colfax Corporation's Form 10-Q (File No. 001-34045) filed with the SEC on August 7, 2012
10.11	Form of Outside Director Restricted Stock Unit Agreement (One Year Vesting)**	Incorporated by reference to Exhibit 10.09 to Colfax Corporation's Form 10-Q (File No. 001-34045) filed with the SEC on August 7, 2012
10.12	Form of Outside Director Deferred Stock Unit Agreement for deferral of grants of restricted stock units (One Year Vesting)**	Incorporated by reference to Exhibit 10.10 to Colfax Corporation's Form 10-Q (File No. 001-34045) filed with the SEC on August 7, 2012

Exhibit No.	Description	Location*
10.13	Form of Outside Director Deferred Stock Unit Agreement for deferral of grants of restricted stock units**	
10.14	Colfax Corporation Amended and Restated Excess Benefit Plan, effective as of January 1, 2013**	Incorporated by reference to Exhibit 10.13 to Colfax Corporation's Form 10-K (File No. 001-34045) as filed with the SEC on February 19, 2013
10.15	Colfax Corporation Nonqualified Deferred Compensation Plan, as effective January 1, 2016**	Filed herewith
10.16	Employment Agreement between Matthew L. Trerotola and Colfax Corporation	Incorporated by reference to Exhibit 10.01 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on October 22, 2015
10.16	Employment Agreement between Colfax Corporation and Steven E. Simms**	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on April 23, 2012
10.17	Amendment No. 1 to the Employment Agreement between Colfax Corporation and Steven E. Simms**	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on April 28, 2014
10.18	Amendment No. 1 to the CEO Non-Qualified Stock Option Agreement and CEO Performance Stock Unit Agreement between Colfax Corporation and Steven E. Simms**	Incorporated by reference to Exhibit 10.03 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on October 22, 2015
10.19	Consulting Agreement dated July 23, 2015 between Steven E. Simms and Colfax Corporation**	Incorporated by reference to Exhibit 10.02 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on October 22, 2015
10.20	Employment Agreement between Colfax Corporation and Clay H. Kiefaber**	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on March 28, 2011
10.21	Amendment No. 1 to the Employment Agreement between Colfax Corporation and Clay H. Kiefaber**	Incorporated by reference to Exhibit 10.2 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on April 23, 2012
10.22	Employment Agreement between Colfax Corporation and C. Scott Brannan**	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 22, 2010
10.23	Employment Agreement between Colfax Corporation and Daniel A. Pryor**	Incorporated by reference to Exhibit 10.04 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on August 7, 2012
10.24	Service Agreement between Howden Group Ltd. and Ian Brander dated December 3, 2010**	Incorporated by reference to Exhibit 10.01 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 25, 2013

Exhibit No.	Description	Location*
10.25	Colfax Corporation Annual Incentive Plan, as amended and restated April 2, 2012**	Incorporated by reference to Exhibit 10.24 to Colfax Corporation's Form 10-K (File No. 001-34045) as filed with the SEC on February 19, 2013
10.26	Colfax Executive Officer Severance Plan**	Incorporated by reference to Exhibit 10.02 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 23, 2015
10.27	Credit Agreement, dated September 12, 2011, by and among the Colfax Corporation, certain subsidiaries of Colfax Corporation identified therein, Deutsche Bank AG New York Branch and the lenders identified therein	Incorporated by reference to Exhibit 99.6 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 15, 2011
10.28	Amendment No. 1 to the Credit Agreement, dated January 13, 2012, by and among the Colfax Corporation, certain subsidiaries of Colfax Corporation identified therein, Deutsche Bank AG New York Branch and the lenders identified therein	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 17, 2012
10.29	Second Amendment to the Credit Agreement, dated February 22, 2013, by and among the Colfax Corporation, certain subsidiaries of Colfax Corporation identified therein, Deutsche Bank AG New York Branch and the lenders identified therein	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on February 25, 2013
10.30	Third Amendment to the Credit Agreement, dated November 7, 2013 by and among the Colfax Corporation, certain subsidiaries of Colfax Corporation identified therein, Deutsche Bank AG New York Branch and the lenders identified therein	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on November 14, 2013
10.31	Incremental Amendment, dated May 14, 2014, by and among certain subsidiaries of Colfax Corporation identified therein, Deutsche Bank AG New York Branch and the lenders identified therein	Incorporated by reference to Exhibit 10.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on May 14, 2014
10.32	Technical Amendment, dated December 10, 2014, by and among certain subsidiaries of Colfax Corporation identified therein and Deutsche Bank AG New York Branch	Incorporated by reference to Exhibit 10.28 to Colfax Corporation's Form 10-K (File No. 001-34045) as filed with the SEC on February 17, 2015
10.33	Credit Agreement, dated as of June 5, 2015, among Colfax Corporation, as the borrower, certain U.S. subsidiaries of Colfax Corporation identified therein, as guarantors, each of the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swing line lender and global coordinator	Incorporated by reference to Exhibit 10.01 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 23, 2015

Exhibit No.	Description	Location*
10.34	Increase Agreement, dated as of September 25, 2015, among Colfax Corporation, as the borrower, the guarantors thereto, each of the lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent, swing line leader and global coordinator and Deutsche Bank Securities, Inc., as lead arranger and bookrunnner	Incorporated by reference to Exhibit 10.04 to Colfax Corporation's Form 10-Q (File No. 001-34045) as filed with the SEC on July 23, 2015
10.35	Registration Rights Agreement, dated May 30, 2003, by and among Colfax Corporation, Colfax Capital Corporation, Janalia Corporation, Equity Group Holdings, L.L.C., and Mitchell P. Rales and Steven M. Rales	
10.36	Amendment No. 1 to the Registration Rights Agreement, by and among Colfax Corporation and Mitchell P. Rales and Steven M. Rales, dated February 18, 2013	Incorporated by reference to Exhibit 10.30 to Colfax Corporation's Form 10-K (File No. 001-34045) as filed with the SEC on February 19, 2013
10.37	Amendment No. 2 to the Registration Rights Agreement, by and among Colfax Corporation and Mitchell P. Rales and Steven M. Rales, dated February 15, 2016	Filed herewith
10.38	Securities Purchase Agreement, dated September 12, 2011, between BDT CF Acquisition Vehicle, LLC and Colfax Corporation	Incorporated by reference to Exhibit 99.2 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 15, 2011
10.39	Securities Purchase Agreement, dated September 12, 2011, between Mitchell P. Rales and Colfax Corporation	Incorporated by reference to Exhibit 99.3 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 15, 2011
10.40	Securities Purchase Agreement, dated September 12, 2011, between Steven M. Rales and Colfax Corporation	Incorporated by reference to Exhibit 99.4 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 15, 2011
10.41	Securities Purchase Agreement, dated September 12, 2011, between Markel Corporation and Colfax Corporation	Incorporated by reference to Exhibit 99.5 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on September 15, 2011
10.42	Registration Rights Agreement, dated as of January 24, 2012, between Colfax Corporation and BDT CF Acquisition Vehicle, LLC	Incorporated by reference to Exhibit 10.01 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012

Exhibit No.	Description	Location*
10.43	Registration Rights Agreement, dated as of January 24, 2012, between Colfax Corporation and Mitchell P. Rales	Incorporated by reference to Exhibit 10.02 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012
10.44	Registration Rights Agreement, dated as of January 24, 2012, between Colfax Corporation and Steven M. Rales	Incorporated by reference to Exhibit 10.03 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012
10.45	Registration Rights Agreement, dated as of January 24, 2012, between Colfax Corporation and Markel Corporation	Incorporated by reference to Exhibit 10.04 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012
21.1	Subsidiaries of registrant	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith
31.01	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.02	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
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	Filed herewith
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	Filed herewith
101.INS	XBRL Instance Document	Filed herewith

Exhibit No.	Description	Location*
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

* Unless otherwise noted, all exhibits are incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 001-34045).

** Indicates management contract or compensatory plan, contract or arrangement.

COLFAX CORPORATION AND SUBSIDIARIES
SCHEDULE II–VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged to Cost and Expense [1]	Charged to Other Accounts [2]	Write-Offs Write-Downs and Deductions	Acquisitions and Other [3]	Foreign Currency Translation	Balance at End of Period
				(In thousands)			
Year Ended December 31, 2015:							
Allowance for doubtful accounts	$ 27,256	$ 16,225	$ —	$ (526)	$ —	$ (3,450)	$ 39,505
Allowance for excess slow-moving and obsolete inventory	34,573	8,078	—	(2,225)	—	(4,298)	36,128
Valuation allowance for deferred tax assets	159,252	11,461	(3,862)	(2,845)	—	(2,976)	161,030
Year Ended December 31, 2014:							
Allowance for doubtful accounts	$ 31,282	$ 2,950	$ —	$ (4,100)	$ —	$ (2,876)	$ 27,256
Allowance for excess slow-moving and obsolete inventory	32,773	8,748	—	(5,098)	—	(1,850)	34,573
Valuation allowance for deferred tax assets	360,910	11,933	(65,999)	(146,177)	1,356	(2,771)	159,252
Year Ended December 31, 2013:							
Allowance for doubtful accounts	$ 16,464	$ 12,707	$ —	$ —	$ 2,753	$ (642)	$ 31,282
Allowance for excess slow-moving and obsolete inventory	9,221	21,629	—	(2,026)	4,207	(258)	32,773
Valuation allowance for deferred tax assets	357,638	30,554	(27,233)	(3,373)	4,925	(1,601)	360,910

[1] Amounts charged to expense are net of recoveries for the respective period.
[2] Represents amount charge to Accumulated other comprehensive loss and, for the year ended December 31, 2014, includes reclassifications to deferred tax asset accounts.
[3] The valuation allowance for deferred tax assets during the year ended December 31, 2013 reflects the impact of retrospective adjustments recorded during the year ended December 31, 2014. The valuation allowance for deferred tax assets during the year ended December 31, 2014 reflects the impact of retrospective adjustments recorded during the year ended December 31, 2015. See Note 4, “Acquisitions” for further discussion.

Effective January 1, 2016

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COLFAX CORPORATION

NONQUALIFIED DEFERRED COMPENSATION PLAN

Effective January 1, 2016

Purpose

The purpose of this Colfax Corporation Nonqualified Deferred Compensation Plan (the "Plan") is to provide specified benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Colfax Corporation and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of (i) the Participant's Annual Accounts, less (ii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the following amount: (i) the sum of the Participant's Annual Deferral Amount and Company Discretionary Contribution Amount for any one Plan Year, plus (ii) amounts credited or debited to such amounts pursuant to this Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Salary and/or Bonus that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year. In the event of a Participant's Separation from Service, Disability or death prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.4 "Quarterly Installment Method" shall be a quarterly installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: (i) for the first quarterly installment, the vested portion of each Annual Account shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date or Scheduled Distribution Date, as applicable, as determined by the Committee in its sole discretion, and (ii) for remaining quarterly installments, the vested portion of each applicable Annual Account shall be calculated on or around the first business day of each fiscal quarter of the Company following the initial installment payment. Each quarterly installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of quarterly payments due to the Participant.

1.5 "Base Salary" shall mean an Employee's regular base salary paid by any Employer.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.8 "Benefit Distribution Date" shall mean a date that automatically triggers distribution of a Participant's vested benefits. A Benefit Distribution Date for a Participant shall be determined upon the occurrence of any one of the following:

(a) If the Participant experiences a Separation from Service, the Benefit Distribution Date for his or her vested Account Balance shall be the date on which the Participant experiences a Separation from Service; provided, however, in the event the Participant changes the Separation Benefit election for one or more Annual Accounts in accordance with Section 5.2(b), the Benefit Distribution Date for such Annual Account(s) shall be postponed in accordance with such Section 5.2(b); or

(b) If the Participant dies prior to the complete distribution of his or her vested Account Balance, the Participant's Benefit Distribution Date shall be the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death; or

(c) If the Participant becomes Disabled, the Participant's Benefit Distribution Date shall be the date on which the Participant becomes Disabled.

1.9 "Board" shall mean the board of directors of the Company.

1.10 “Bonus” shall mean one or more cash bonuses designated from time to time by the Committee as eligible for deferral under this Plan, including the Colfax Corporation Annual Incentive Plan.

1.11 “Change in Control” shall mean any “change in control event” as defined in accordance with Treasury guidance and Regulations related to Code Section 409A, including but not limited to IRS Notice 2005-1 and such other Treasury guidance or Regulations issued after the effective date of this Plan.

1.12 “Claimant” shall have the meaning set forth in Section 13.1.

1.13 “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.14 “Committee” shall mean the committee described in Article 11.

1.15 “Company” shall mean Colfax Corporation and any successor to all or substantially all of the Company’s assets or business.

1.16 “Company Discretionary Contribution Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.4.

1.17 “Company 401(k) Plan” shall mean the Colfax Corporation 401(k) Savings Plan Plus, as it may be amended from time to time.

1.18 “Disability” or “Disabled” shall mean that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of the Participant’s Employer.

1.19 “Disability Benefit” shall mean the benefit set forth in Article 6.

1.20 “Election Form” shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.21 “Employee” shall mean a person who is an employee of any Employer.

1.22 “Employer(s) shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.23 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.24 “Measurement Funds” shall have the definition set forth in Section 3.6(a).

1.25 “Participant” shall mean any Employee who is selected to participate in the Plan by the Committee, who submits an executed Election Form and Beneficiary Designation Form, which are accepted by the Committee.

1.26 “Plan” shall mean the Colfax Corporation Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument, as it may be amended from time to time.

1.27 “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.28 “Retirement Date” shall mean a Participants Separation from Service upon reaching age sixty-five (65) with five (5) years of Vesting Service (as defined for purposes of the Company 401(k) Plan) or age fifty-five (55) with ten (10) years of Vesting Service (as defined for purposes of the Company 401(k) Plan).

1.29 “Scheduled Distribution” shall mean the distribution set forth in Section 4.1.

1.30 “Separation Benefit” shall mean the benefit set forth in Article 5.

1.31 “Separation from Service” shall mean the separation from service with all Employers, voluntarily or involuntarily, for any reason other than death, Disability, or an authorized leave of absence, as determined in accordance with Code Section 409A and related Treasury guidance and Regulations.

1.32 “Specified Employee” shall mean “specified employee” as defined under Code Section 409A.

1.33 “Survivor Benefit” shall mean the benefit set forth in Article 7.

1.34 “Terminate the Plan,” “Termination of the Plan” shall mean a determination by an Employer’s board of directors that (i) all of its Participants shall no longer be eligible to participate in the Plan, (ii) all deferral elections for such Participants shall terminate, and (iii) such Participants shall no longer be eligible to receive Company contributions under this Plan.

1.35 “Trust” shall mean one or more trusts established by the Company in accordance with Article 14.

1.36 “Unforeseeable Financial Emergency” shall mean an unforeseeable emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the

Participant resulting from (i) a sudden and unexpected illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code Section 152(a)) of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. Participation in the Plan shall be limited to those Employees who (i) are officers or other select managerial employees and (ii) are, upon recommendation of the Company, approved for such participation by the Company, in its sole discretion.

2.2 **Enrollment and Eligibility Requirements; Commencement of Participation**.

(a) As a condition to participation, each selected Employee or Employee who otherwise is eligible to participate in the Plan as of the first day of a Plan Year shall complete, execute and return to the Committee an Election Form and a Beneficiary Designation Form, prior to the first day of such Plan Year, or such other deadline as may be established by the Committee in its sole discretion. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) An Employee who first becomes eligible to participate in this Plan after the first day of a Plan Year must complete these requirements within thirty (30) days after he or she first becomes eligible to participate in the Plan, or within such other earlier deadline as may be established by the Committee, in its sole discretion, in order to participate for that Plan Year. In such event, such Employee's participation in this Plan shall not commence earlier than the date determined by the Committee pursuant to Section 2.2(c) and such Employee shall not be permitted to defer under this Plan any amount earned with respect to services performed prior to his or her participation commencement date.

(c) Each selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines, in its sole discretion, that the Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period. Notwithstanding the foregoing, the Committee shall process such Participant's deferral election as soon as administratively practicable after such deferral election is submitted to and accepted by the Committee.

(d) If an Employee fails to meet all requirements contained in this Section 2.2 within the period required, that Employee shall not be eligible to participate in the Plan during such Plan Year.

2.3 **Termination of a Participant's Eligibility**. If the Committee determines that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee shall have the right, in its sole discretion, to prevent the Participant from making future deferral elections and/or take further action that the Committee deems appropriate. Notwithstanding the foregoing, in the event of a Termination of the Plan, the termination of the affected Participants' eligibility for participation in the Plan shall not be governed by this Section 2.3, but rather shall be governed by Section 10.1. In the event that a Participant is no longer eligible to defer compensation under this Plan, the Participant's Account Balance shall continue to be governed by the terms of this Plan until such time as the Participant's Account Balance is paid in accordance with the terms of this Plan.

ARTICLE 3
Deferral Commitments / Contribution Amounts / Vesting / Crediting / Taxes

3.1 **Maximum Deferral**.

(e) **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, a maximum of up to 75% of his or her Bonus and up to 50% of Base Salary.

(f) **Short Plan Year**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount shall be limited to the amount of compensation not yet earned by the Participant as of the date the Participant submits an Election Form to the Committee for acceptance.

3.2 **Election to Defer; Effect of Election Form**.

(a) **First Plan Year**. In connection with a Participant's commencement of participation in the Plan, the Participant shall make an irrevocable deferral election for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and executed by the Participant, timely delivered to the Committee (in accordance with Section 2.2 above) and accepted by the Committee.

(b) **Subsequent Plan Years**. For each succeeding Plan Year, an irrevocable deferral election for that Plan Year, and such other elections as the Committee deems necessary or desirable under the Plan, shall be made by timely delivering a new Election Form to the Committee, in accordance with its rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made.

(c) **Performance-Based Compensation**. Notwithstanding the foregoing, the Committee may, in its sole discretion, determine that an irrevocable deferral election pertaining to performance-based compensation may be made by timely delivering an Election Form to the Committee, in accordance with its rules and procedures, no later than six (6) months before the end of the performance service period. "Performance-based compensation" shall be compensation based on services performed over a period of at least twelve (12) months, in accordance with Code Section 409A and related Treasury Regulations.

(d) **Improper Election**. If the Committee determines, in its sole discretion, prior to the beginning of a Plan Year that a Participant has made an election for less than the stated minimum amounts, or if no election is made, the amount deferred shall be zero. If the Committee determines, in its sole discretion, at any time after the beginning of a Plan Year that a Participant has deferred less than the stated minimum amounts for that Plan Year, any amount credited to the Participant's applicable Annual Account as the Annual Deferral Amount for that Plan Year shall be distributed to the Participant within sixty (60) days after the last day of the Plan Year in which the Committee determination was made.

3.3 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Annual Deferral Amount shall be withheld at the time the Bonus and/or Base Salary, as the case may be, is or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. The Annual Deferral Amount shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.4 **Company Discretionary Contribution Amount**. For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Discretionary Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Discretionary Contribution Amount for that Plan Year. The Company Discretionary Contribution Amount described in this Section 3.4, if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee, in its sole discretion.

3.5 **Vesting**. A Participant shall at all times be 100% vested in his or her deferrals of Bonus and Base Salary. A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Discretionary Contribution Amount, upon such vesting schedule as may be established by the Committee, in its sole discretion.

3.6 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(d) **Measurement Funds**. The Committee shall select from time to time certain mutual funds, insurance company separate accounts, indexed rates or other methods (the "Measurement Funds") for purposes of crediting or debiting additional amounts to Participants' Account Balances. The Committee may discontinue, substitute or add a Measurement Fund, in its sole discretion.

(e) **Election of Measurement Funds**. A Participant, in connection with each Plan Year deferral election made in accordance with Section 3.2 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.6(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated by the Committee, in its sole discretion. A Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section 3.6(b) may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

(f) **Proportionate Allocation**. In making any election described in Section 3.6(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(g) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(h) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust.

3.7 **FICA and Other Taxes**.

(a) **Deferrals and Contributions**. With respect to deferrals and other contributions to the Plan, a Participant's Employer(s) either shall withhold from that portion of the Participant's Bonus, Base Salary or other compensation that is not being deferred, or shall reduce the amounts contributed to the Participant's Annual Account by, the Participant's share of FICA and other employment taxes on such deferrals and contributions. Withholdings and reductions pursuant to this Section 3.8(a) shall be undertaken in a manner determined by the Employer(s).

(b) **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4
Scheduled Distribution; Unforeseeable Financial Emergencies

4.1 **Scheduled Distribution**. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a Scheduled Distribution, in the form of a lump sum payment or pursuant to a Quarterly Installment Method to be paid quarterly over one (1) to ten (10) years, from the Plan with respect to his or her Annual Account for such Plan Year. The Scheduled Distribution shall be in an amount that is equal to the portion of the Annual Account the Participant elected to have distributed as a Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.6 above on that amount, calculated as of the close of business on or around the date on which the Scheduled Distribution becomes payable (or calculated in accordance with the Quarterly Installment Method, if selected), as determined by the Committee in its sole discretion. Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out (or shall commence, with respect to a Quarterly Installment Method) during a sixty (60) day period commencing immediately after the first day of any Plan Year designated by the Participant (the "Scheduled Distribution Date"). Remaining installments, if any, shall be paid in accordance with the Quarterly Installment Method. The Plan Year designated by the Participant must be at least one (1) Plan Year after the end of the Plan Year to which the Participant's deferral election described in Section 3.2 relates.

4.2 **Postponing Scheduled Distributions**. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a sixty (60) day period commencing immediately after an allowable alternative distribution date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must submit a new Scheduled Distribution Election Form to the Committee in accordance with the following criteria:

(a) Such Scheduled Distribution Election Form must be submitted to and accepted by the Committee in its sole discretion at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;

(b) Either (X) the lump sum payment or the entire series of installment payments, as the case may be, shall be delayed at least five (5) years from the original Scheduled Distribution Date (provided, however, that the number of installments may be changed), or (Y) the entire series of installment payments shall be converted into a lump sum payable not sooner than five (5) years after the original Scheduled Distribution Date; and

(c) The election of the new Scheduled Distribution Date shall have no effect until at least twelve (12) months after the date on which the election is made.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions**. Should a Benefit Distribution Date occur that triggers a benefit under Articles 5, 6 or 7, any Annual Deferral Amount that is subject to a Scheduled Distribution election under Section 4.1 shall not be paid in accordance with Section 4.1, but shall be paid in accordance with the other applicable Article. Notwithstanding the foregoing, the Committee shall interpret this Section 4.3 in a manner that is consistent with Code Section 409A and other applicable tax law, including but not limited to Treasury guidance and Regulations issued after the effective date of this Plan.

4.4 **Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies**.

(a) If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to suspend deferrals of Bonus and Base Salary to the extent deemed necessary by the Committee to satisfy the Unforeseeable Financial Emergency. If suspension of deferrals is not sufficient to satisfy the Participant's Unforeseeable Financial Emergency, or if suspension of deferrals is not required or permitted under Code Section 409A and other applicable tax law, the Participant may further petition the Committee to receive a partial or full payout from the Plan. The Participant shall only receive a payout from the Plan to the extent such payout is deemed necessary by the Committee to satisfy the Participant's Unforeseeable Financial Emergency, plus amounts reasonably necessary to pay taxes reasonably anticipated as a result of the distribution.

(b) The payout shall not exceed the lesser of (i) the Participant's Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Committee in its sole discretion, or (ii) the amount necessary to satisfy the Unforeseeable Financial Emergency, plus amounts reasonably necessary to pay taxes reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Financial Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by suspension of deferrals under this Plan, if the Committee, in its sole discretion, determines that suspension is required by Code Section 409A and other applicable tax law.

(c) If the Committee, in its sole discretion, approves a Participant's petition for suspension, the Participant's deferrals under this Plan shall be suspended as of the date of such approval. If the Committee, in its sole discretion, approves a Participant's petition for suspension and payout, the Participant's deferrals under this Plan shall be suspended as of the date of such approval and the Participant shall receive a payout from the Plan within sixty (60) days of the date of such approval.

(d) Notwithstanding the foregoing, the Committee shall interpret all provisions relating to suspension and/or payout under this Section 4.4 in a manner that is consistent with Code Section 409A and other applicable tax law, including but not limited to Treasury guidance and Regulations issued after the effective date of this Plan.

ARTICLE 5
Separation Benefit

5.1 **Separation Benefit**. A Participant who experiences a Separation from Service shall receive, as a Separation Benefit, his or her vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date.

5.2 **Payment of Separation Benefit**.

(a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect (regardless of whether the Participant also has elected a Scheduled Distribution pursuant to Section 4.1) the form in which his or her Annual Account for such Plan Year will be paid upon Separation from Service. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to a Quarterly Installment Method payable quarterly over one(1) to ten (10) years. If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum at Separation of Service.

(b) A Participant may change the form of payment (including the number of installments) for an Annual Account by submitting an Election Form to the Committee (which the Committee may accept, in its sole discretion) in accordance with the following criteria:

(i) The election to modify the form of payment must be made at least twelve (12) months before a Participant experiences a Separation from Service;

(ii) The election to modify the form of payment shall have no effect until at least twelve (12) months after the date on which the election is made; and

(iii) Either (X) the lump sum payment or the entire series of installment payments, as the case may be, shall be delayed at least five (5) years from the original Benefit Distribution Date (provided, however, that the number of installments may be changed), or (Y) the entire series of installment payments shall be converted into a lump sum payable not sooner than five (5) years after the original Benefit Distribution Date.

The Election Form most recently accepted by the Plan committee in accordance with the criteria set forth above shall govern the payout of the applicable Annual Account. For avoidance of doubt, a Participant may not make changes to his or her Separation Benefit election after a Separation from Service.

(c) Subject to Section 5.2(d), the lump sum payment shall be made, or the first installment payment shall be made, no later than sixty (60) days after the Benefit Distribution Date. Remaining installments, if any, shall be paid in accordance with the Quarterly Installment Method.

(d) Notwithstanding any other provision of this Plan to the contrary, if the Participant is a Specified Employee, the lump sum payment or any installment payment that would have been paid within six (6) months after the Participant's Separation from Service shall be delayed until six (6) months after the Participant's Separation from Service, and shall be paid on or as soon as administratively practicable after the first day of the seventh month. If the Participant has elected a Quarterly Installment Method, subsequent installments will be made pursuant to the original installment schedule pursuant to Section 5.2(c).

5.3 **Small Plan Benefit**. Notwithstanding any provision to the contrary in this Plan, if a Participant's vested Account Balance at the time of his or her Separation from Service is less than $15,000, payment of his or her vested Account Balance shall be paid in a lump sum on or before the later of (i) December 31 of the calendar year in which occurs the Participant's Separation from Service or (ii) the date 2-1/2 months after the Participant's Separation from Service.

ARTICLE 6
Disability Benefit

6.1 **Disability Benefit**. Upon a Participant's Disability, the Participant shall receive a Disability Benefit, which shall be equal to the Participant's vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date.

6.2 **Payment of Disability Benefit**. The Disability Benefit shall be paid to the Participant in a lump sum payment no later than sixty (60) days after the Participant's Benefit Distribution Date.

ARTICLE 7
Survivor Benefit

7.1 **Survivor Benefit**. The Participant's Beneficiary(ies) shall receive a Survivor Benefit upon the Participant's death which will be equal to the Participant's vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date.

7.2 **Payment of Survivor Benefit**. The Survivor Benefit shall be paid to the Participant's Beneficiary(ies) in a lump sum payment no later than sixty (60) days after the Participant's Benefit Distribution Date.

ARTICLE 8
Beneficiary Designation

8.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

8.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

8.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

8.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2 and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

8.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

8.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant.

ARTICLE 9
Leave of Absence

9.1 **Paid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

9.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, such Participant shall continue to be eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. In addition, such Participant's deferral elections will remain in effect for the Plan Year that includes the commencement date of such unpaid leave, to the extent that his or her Annual Deferral Amount is actually earned for the Plan Year that includes the commencement date of such unpaid leave.

ARTICLE 10
Termination of Plan, Amendment or Modification

10.1 **Termination of Plan**. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to Terminate the Plan. In the event of a Termination of the Plan, the Measurement Funds available to Participants following the Termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Termination of the Plan is effective. Following a Termination of the Plan, Participant Account Balances shall remain in the Plan until the Participant becomes eligible for the benefits provided in Articles 4, 5, 6, or 7 in accordance with the provisions of those Articles. The Termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Notwithstanding the foregoing, to the extent permissible under Code Section 409A and other applicable tax law, including but not limited to applicable IRS Notices and such other Treasury guidance or Regulations issued after the effective date of this Plan, following a Change in Control the Employer shall be permitted to (i) terminate the Plan by action of its board of directors, and (ii) distribute the vested Account Balances to Participants in a lump sum no later than twelve (12) months after the Change in Control.

10.2 **Amendment**.

(a) Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 10.2 or Section 11.2 of the Plan shall be effective.

(b) Notwithstanding any provision of the Plan to the contrary, in the event that the Company determines that any provision of the Plan may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code Section 409A and related Treasury guidance or Regulations, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan and/or (ii) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Code Section 409A and related Treasury guidance or Regulations.

10.3 **Effect of Payment**. The full payment of the Participant's vested Account Balance under Articles 4, 5, 6 or 7 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan.

ARTICLE 11
Administration

11.1 **Committee Duties**. Except as otherwise provided in this Article 11, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. The Committee is authorized to delegate the day-to-day administration of the Plan to one or more officers or employees of the Company. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.

11.2 **Administration Upon Change in Control**. For purposes of this Plan, the Committee shall be the "Administrator" at all times prior to the occurrence of a Change in Control. Within one hundred and twenty (120) days following a Change in Control, an independent third-party "Administrator" may be selected by the individual who, immediately prior to the Change in Control, was the Company's Chief Executive Officer or, if not so identified, the Company's highest ranking officer (the "Ex-CEO"), and approved by the Trustee. The Committee, as constituted prior to the Change in Control, shall continue to be the Administrator until the earlier of (i) the date on which such independent third party is selected and approved, or (ii) the expiration of the one hundred and twenty (120) day period following the Change in Control. If an independent third party is not selected within one hundred and twenty (120) days of such Change in Control, the Committee, as described in Section 11.1 above, shall be the Administrator. The Administrator shall have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to benefit entitlement determinations; provided, however, upon and after the occurrence of a Change in Control, the Administrator shall have no power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the Company must: (1) pay all reasonable administrative expenses and fees of the Administrator; (2) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator hereunder, except with respect to matters resulting from the gross negligence or willful misconduct of the Administrator or its employees or agents; and (3) supply full and timely information to the Administrator on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the date and circumstances of the Separation from Service, Disability or death of the Participants, and such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

11.3 **Agents**. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

11.4 **Binding Effect of Decisions**. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

11.5 **Indemnity of Committee**. All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

11.6 **Employer Information**. To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 12
Other Benefits and Agreements

12.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 13
Claims Procedures

13.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

13.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 13.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.3 **Review of a Denied Claim**. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

13.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

13.5 **Controlling Law**. The provisions of this Plan shall be construed, interpreted, administered, and enforced according to applicable federal law and the laws of the State of Maryland, without giving effect to conflict of laws principles thereunder and to the extent not preempted by federal law.

ARTICLE 14
Trust

14.1 **Establishment of the Trust**. In order to provide assets from which to fulfill the obligations of the Participants and their beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the “Trust”).

14.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

14.3 **Distributions From the Trust**. Each Employer’s obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer’s obligations under this Plan.

ARTICLE 15
Miscellaneous

15.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance and Regulations.

15.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer’s assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer’s obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

15.3 **Employer’s Liability**. An Employer’s liability for the payment of benefits shall be defined only by the Plan. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.

15.4 **Assignment**.

(a) Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

(b) The procedures established by the Company for the determination of the qualified status of domestic relations orders and for making distributions under qualified domestic relations orders, as provided in Section 206(d) of ERISA, shall apply to the Plan, to the extent pertinent. Amounts awarded to an alternate payee under a qualified domestic relations order shall be distributed in the form of a lump sum distribution as soon as administratively feasible following the determination of the qualified status of the domestic relations order; provided, however, that no portion of a Participant's Account Balance may be awarded to an alternate payee to the extent such Account Balance is not yet vested in accordance with Section 3.5.

15.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

15.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

15.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

15.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

15.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Maryland without regard to its conflict of laws principles.

15.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Colfax Corporation
Attn: Director, Global Compensation & Benefits
420 National Business Parkway
Annapolis Junction, MD 20701

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

15.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

15.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

15.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.15 **Court Order**. The Committee is authorized to comply with any court order in any action in which the Plan or the Committee has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with Code Section 409A and other applicable tax law, including but not limited to guidance issued after the effective date of this Plan.

15.16 **Insurance**. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

15.17 **Deduction Limitation on Benefit Payments**. If the Committee reasonably anticipates that the Company's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treasury Regulations §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan is deductible. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.6. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Committee reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

15.18 **No Acceleration of Benefits**. The acceleration of the time or schedule of any payment under the Plan is not permitted, except as provided in regulations by the Secretary of the Treasury.

IN WITNESS WHEREOF, the Company has signed this Plan document as of December 9, 2015.

"Company"

Colfax Corporation

By: /s/ C. Scott Brannan
Title: SVP, Finance & CFO

AMENDMENT NO. 2 TO
COLFAX CORPORATION
REGISTRATION RIGHTS AGREEMENT
February 15, 2016

This Amendment No. 2 (this "Amendment"), dated as of February 15, 2016 (the "Effective Date"), to that certain Registration Rights Agreement (the "Agreement"), dated as of May 30, 2003, by and among Colfax Corporation, a Delaware corporation (the "Company"), and Mitchell P. Rales and Steven M. Rales (together, the "Rales Holders") and the other Stockholders party thereto, as previously amended February 18, 2013, is made by and among the Company and the Rales Holders. Capitalized terms used herein without definition shall have the meanings given to such terms in the Agreement.

RECITALS:

WHEREAS, pursuant to Sections 3 and 5 of the Agreement, the Company has granted the Rales Holders certain registration rights (the "Registration Rights") with respect to the Registrable Securities during the Registration Rights Period;

WHEREAS, the Registration Rights currently expire on May 8, 2016 (the "Amendment No. 1 Expiration Date");

WHEREAS, the Rales Holders have agreed to refrain from exercising the Registration Rights prior to the Amendment No. 1 Expiration Date in consideration for the extension by the Company of the Registration Rights Period.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Amendment to Section 1. The definition of "Registration Rights Period" set forth in Section 1 of the Agreement is amended and restated in its entirety to read as follows:

   "Registration Rights Period" means for purposes of the registration rights granted under Section 3 and Section 5 hereof, the period commencing on such date that is 180 days from the closing date of a Qualified Public Offering and ending on May 8, 2019.

2. Amendment to Section 17. The notice provision set forth in Section 17 of the Agreement is amended and restated in its entirety to read as follows:

   All notices, demands, requests, consents or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) sent by confirmed facsimile or confirmed electronic mail transmission before

5:00 p.m. New York City time on a Business Day, and otherwise on the next Business Day, or (iii) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid). Such notices, demands, requests, consents and other communications shall be sent (i) if to the Company, to Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701, facsimile number (301) 323-9001, and (ii) if to any Holder, to 2200 Pennsylvania Avenue, NW, Suite 800W, Washington, DC 20037, or to such Holder at the address then on record with the Company or to such other address of Holder designated in writing to the Company from time to time.

3. Waiver of Registration Rights. The Rales Holders agree not to exercise the Registration Rights prior to the Amendment No. 1 Expiration Date.

4. Continuing Effect. With the exception of this Amendment and the prior amendment to the Agreement, the remaining provisions of the Agreement remain unchanged.

5. Interpretation of Amendment. In the event of any conflict, inconsistency or incongruity between any provision of this Amendment and any provision of the Agreement, the provisions of this Amendment shall govern and control.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

7. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date set forth above.

COLFAX CORPORATION

By: /s/ MATTHEW L. TREROTOLA

Name: Matthew L. Trerotola
Title: President and CEO

RALES HOLDERS

/s/ MITCHELL P. RALES
Mitchell P. Rales

/s/ STEVEN M. RALES
Steven M. Rales

Exhibit 21.1

Subsidiaries of the Registrant

Company Name	Jurisdiction
Agridzaar Limited	Cyprus
Airgare Limited	England and Wales
Alcotec Wire Corporation	Delaware
Alloy Rods Global Inc.	Delaware
Allweiler AS	Norway
Allweiler Finland Oy AB	Finland
Allweiler GmbH	Germany
Allweiler Group GmbH	Germany
Anderson Group Inc.	Delaware
AS ESAB	Norway
Austcold Refrigeration Pty Limited	Australia
Baric Holdings Limited	England and Wales
Baric Systems Limited	England and Wales
Brunner Corporation	Panama
Buffalo Forge SA de CV	Mexico
Canadian Chemical Cleaning Services Inc.	Canada
Canadian Cylinder Company Limited	Canada
CAST Limited	England and Wales
CAST Resources Limited	England and Wales
Cecil Holdings Limited	England and Wales
Central Mining Finance Limited	England and Wales
Charter Central Finance Limited	England and Wales
Charter Central Services Limited	England and Wales
Charter Consolidated Financial Services Limited	England and Wales
Charter Consolidated Holdings Limited	England and Wales
Charter Consolidated Limited	England and Wales
Charter Finance S.a.r.l.	Luxembourg
Charter Industries Limited	England and Wales
Charter International Jersey Funding Limited	Jersey
Charter International Limited	Jersey
Charter Limited	England and Wales
Charter Overseas Holdings Limited	England and Wales
Chartertop Limited	Ireland
Cigweld (M) SDN BHD	Malaysia
Cigweld Pty Ltd.	Australia
Clarus Fluid Intelligence, LLC	Alaska
CLFX Europe Finance Ltd	England and Wales
CLFX Netherlands Finance CV	Netherlands
CLFX Sub Holding LLC	Delaware
CLFX Sub Ltd.	England and Wales
CLFX Sweden CV	Netherlands
Colfax (Wuxi) Pump Company Limited	China
Colfax Pump (Weihai) Company Limited	China
Colfax do Brasil - Produtos e Servicos Para Fluidos Ltda	Brazil
Colfax Fluid Handling Finance Limited	Ireland
Colfax Fluid Handling Holding BV	Netherlands
Colfax Fluid Handling LLC	Delaware
Colfax Fluid Handling Middle East Limited	England and Wales
Colfax Group GmbH	Germany

Colfax IMO Pompes	France
Colfax Jersey Finance Limited	Jersey
Colfax Netherlands Holding BV	Netherlands
Colfax Pompe SpA	Italy
Colfax Receivables LLC	Delaware
Colfax UK Finance Limited	England and Wales
Colfax UK Holdings Limited	England and Wales
Comercializadora de Electrodos Venezuela COMELVEN C.A.	Venezuela
Comercializadora Thermadyne S. de R.L. de C.V.	Mexico
Conarco Alambres y Soldaduras SA	Argentina
Condor Equipamentos Industriais Ltda	Brazil
Constellation Pumps Corporation	Delaware
Davidson Group Limited	Jersey
Distribution Mining & Equipment Company, LLC	Delaware
Ember Overseas Holdings Limited	England and Wales
EMSA Holdings Inc.	Delaware
Engart Fans Limited	England and Wales
ESAB (Australia) Pty Ltd	Australia
ESAB (Malaysia) SDN BHD	Malaysia
ESAB AB	Sweden
ESAB ApS	Denmark
ESAB Argentina SA	Argentina
ESAB Asia/Pacific Pte. Limited	Singapore
ESAB Automation Cutting and Wlding Equipment (Wuxi) Co., LTD	China
ESAB Bulgaria EAD	Bulgaria
ESAB CentroAmerica SA	Panama
ESAB Chile SA	Chile
ESAB Comercio e Industria de Soldadura Lda	Portugal
ESAB CZ, s.r.o. èlen koncernu	Czech Republic
ESAB Equipment & Machinery Manufacturing (Zhangjiagang) Co Limited	China
ESAB Europe GmbH	Switzerland
ESAB Europe Holdings Limited	Ireland
ESAB France SAS	France
ESAB Gesellschaft m.b.H.	Austria
ESAB Group (Ireland) Limited	Ireland
ESAB Group (UK) Limited	England and Wales
ESAB Group BV	Netherlands
ESAB Group Canada Inc.	Canada
ESAB Group Russia Limited	England and Wales
ESAB Holdings Limited	England and Wales
ESAB Iberica SAU	Spain
ESAB India Limited	India
ESAB Industria e Comercio Ltda	Brazil
ESAB International Aktiebolag	Sweden
ESAB Kazakhstan LLC	Kazakhstan
ESAB Kft.	Hungary
ESAB KK	Japan
ESAB Limited Liability Company	Russian Federation
ESAB Mexico SA de CV	Mexico
ESAB Middle East FZE	United Arab Emirates
ESAB Nederland B.V.	Netherlands
ESAB Pensions Limited	England and Wales
ESAB Polska Sp. z.o.o.	Poland
ESAB Romania Trading SRL	Romania

ESAB Russia Limited	England and Wales
ESAB Saldatura SpA	Italy
ESAB SeAH Corporation	Korea
ESAB SeAH Welding Products (Yantai) Co. Limited	China
ESAB Slovakia sro	Slovakia
ESAB Sp. z.o.o.	Poland
ESAB Sweden Holdings AB	Sweden
ESAB Technology Limited	England and Wales
ESAB Tyumen Limited Liability Company	Russian Federation
ESAB Ukraine LLC	Ukraine
ESAB VAMBERK, s.r.o., èlen koncernu	Czech Republic
ESAB Welding & Cutting Products (Shanghai) Management Company Limited	China
ESAB Welding Products (Jiangsu) Co Limited	China
ESAB Welding Products (Weihai) Co Limited	China
ESAB-Mor Welding Kft	Hungary
ESAB-SVEL Limited Liability Company	Russian Federation
Eutectic do Brasil Ltda.	Brazil
Evrador Trading Limited	Cyprus
Exelvia (Bermuda) Limited	Bermuda
Exelvia Company	England and Wales
Exelvia Cyprus Limited	Cyprus
Exelvia France SAS	France
Exelvia Group India BV	Netherlands
Exelvia Holding Limitada	Brazil
Exelvia Holdings BV	Netherlands
Exelvia International Holdings BV	Netherlands
Exelvia Investments Limited	England and Wales
Exelvia Ireland	Ireland
Exelvia Netherlands BV	Netherlands
Exelvia Overseas Limited	England and Wales
Exelvia Properties Limited	England and Wales
Fan Group Inc.	Delaware
Gas-Arc Group Limited	England and Wales
HCL Pension Trustee Limited	England and Wales
HE Deutschland Holdings GmbH	Germany
Hobart Overseas Holdings Limited	England and Wales
Hobart Place Investments Limited	Scotland
Houttuin BV	Netherlands
Howden Africa (Proprietary) Limited	South Africa
Howden Africa Holdings Limited	South Africa
Howden Air & Gas India Private Limited	India
Howden Alphair Ventilating Systems Inc.	Canada
Howden American Fan Company	Delaware
Howden Australia Pty Limited	Australia
Howden Axial Fans AB	Sweden
Howden Axial Fans ApS	Denmark
Howden Axial Fans GmbH	Germany
Howden BC Compressors	France
Howden Burton Corblin Asia Limited	Hong Kong
Howden Chile SpA	Chile
Howden CKD Compressors s.r.o	Czech Republic
Howden Compressors Limited	Scotland
Howden Compressors, Inc.	Delaware
Howden Construction Services Inc.	Delaware

Howden Covent Fans Inc.	Canada
Howden Donkin (Proprietary) Limited	South Africa
Howden Engineering (SE Asia) Limited	Hong Kong
Howden Engineering Limited	Scotland
Howden France SA	France
Howden Group BV	Netherlands
Howden Group Limited	England and Wales
Howden Group Netherlands BV	Netherlands
Howden Group South Africa Limited	South Africa
Howden Holdings ApS	Denmark
Howden Holdings BV	Netherlands
Howden Holdings Limited	England and Wales
Howden Hua Engineering Company Limited	China
Howden International Holdings BV	Netherlands
Howden Korea Limited	Korea
Howden Limited Liability Company	Russian Federation
Howden Melbourne Pty Limited	Australia
Howden Mexico Calentadores Regenerativos SRL de CV	Mexico
Howden Netherlands B.V.	Netherlands
Howden North America Inc.	Delaware
Howden Roots LLC	Delaware
Howden SA Holdings Pry Ltd	South Africa
Howden Sirocco Group Limited	Scotland
Howden Solyvent (India) Pvt Ltd	India
Howden Solyvent-Ventec SAS	France
Howden South America Ventiladores e Compressores Industria e Comercio Ltda	Brazil
Howden Spain SL	Spain
Howden Taiwan Company Limited	Taiwan
Howden Thomassen Australasia Pty Ltd	Australia
Howden Thomassen Comercio E Servicos de Compressores do Brasil Ltda	Brazil
Howden Thomassen Compressors BV	Netherlands
Howden Thomassen Compressors India Private Ltd	India
Howden Thomassen Far East Pte Ltd	Singapore
Howden Thomassen Middle East FZCO	United Arab Emirates
Howden Thomassen Service Europe BV	Netherlands
Howden Turbo Fans Oy	Finland
Howden Turbowerke GmbH	Germany
Howden UK BV	Netherlands
Howden UK Limited	Northern Ireland
Howden Water Technology A/S	Denmark
I/S Susaa	Denmark
IMO AB	Sweden
Imo Holdings, Inc.	Delaware
Imo Industries (Canada) Inc.	Canada
Imo Industries Inc.	Delaware
Imovest Inc.	Delaware
Industrial & Scientific Gas Control Systems, Ltd.	England and Wales
Inmobiliaria Tepalcapa SA de CV	Mexico
Interamic (Netherlands) B.V.	Netherlands
James Howden & Company Limited	Scotland
James Howden & Godfrey Overseas Limited	Scotland
James Howden (Thailand) Limited	Thailand
James Howden Holdings (Pty) Limited	South Africa
LSC Lubrication Systems Company (Beijing) Co., Ltd	China

Lubritech Argentina, S.R.L	Argentina
Lubritech Caribbean Limited	Trinidad & Tobago
Lubritech do Brasil Servicos de Lubrificacao Ltda.	Brazil
Lubritech Peru S.A.C.	Peru
Lubritech Venezuela C.A.	Venezuela
Macromax Corporation	Panama
Magnus Ireland	Ireland
Margarita SA	Argentina
Mining Machines Limited	Scotland
Novenco Aerex Limited	England and Wales
NV ESAB	Belgium
Oy ESAB	Finland
OZAS-ESAB Sp. z o.o.	Poland
PD-Technik Ingenieurbüro GmbH	Germany
Portland Valve LLC	Delaware
PT Karya Yasantara Cakti	Indonesia
Rosscor Asia Pte Ltd.	Singapore
Rosscor B.V.	Netherlands
Rosscor Malaysia Sdn Bhd	Malaysia
SES International B.V.	Netherlands
Shawebone Holdings Inc.	Delaware
SIAM ESAB Welding & Cutting Limited	Thailand
Sicelub Colombia Ltda.	Colombia
Sicelub Ecuador S.A.	Ecuador
Sicelub Iberico S.L.	Spain
Sicelub Italia S.R.L.	Italy
Sicelub, S.A. de C.V	Mexico
Sistemas Centrales de Lubricación, S.A.P.I. de C.V.	Mexico
Soldaduras Megriweld S.A.S.	Colombia
Soldaduras West Arco S.A.S.	Colombia
Soldex Holdings I LLC	Delaware
Soldex Holdings II LLC	Delaware
Soldex LLC	Delaware
Soldex S.A.	Peru
Soluciones Venezolanas en Soldaduras SOLVENSOL C.A.	Venezuela
Solyvent Do Brasil Ventiladores Industriais Ltda	Brazil
Stoody Company	Delaware
Sychevsky Electrode Plant	Russian Federation
The British South Africa Company	England and Wales
The Central Mining & Investment Corporation Limited	England and Wales
The ESAB Group Inc.	Delaware
Thermadyne Brazil Holdings Ltd	Cayman Islands
Thermadyne de Mexico S.A. de C.V.	Mexico
Thermadyne South America Holdings Ltd.	Cayman Islands
Thermadyne Victor Ltda.	Brazil
Thermal Dynamics Oy	Finland
TLT Babcock Europe Kft.	Hungary
TLT Babcock India Private Limited	India
Total Lubrication Management Company	Delaware
Tushaco Pumps Private Limited	India
Van Dam Machine GmbH	Germany
Ventilation Holding France SAS	France
Victor (Ningbo) Cutting & Welding Equipment Manufacturing Co., Ltd.	China
Victor (Ningbo) Cutting & Welding Equipment Trade & Commerce Co., Ltd.	China

Victor Equipment Company	Delaware
Victor Equipment de Mexico S.A. de C.V.	Mexico
Victor Technologies (UK) Limited	England and Wales
Victor Technologies Asia SDN BHD	Malaysia
Victor Technologies Asia/Pacific Pte. Ltd	Singapore
Victor Technologies Australia Pty Ltd.	Australia
Victor Technologies Canada Ltd.	Canada
Victor Technologies GmbH	Germany
Victor Technologies Group, Inc.	Delaware
Victor Technologies Holdings, Inc.	Delaware
Victor Technologies International, Inc.	Delaware
Victor Technologies Limited	England and Wales
Victor Technologies Partnership LLP (UK)	England and Wales
Victor Technologies SRL	Italy
Warren Pumps LLC	Delaware
Weldcure Limited	England and Wales
York Investments Limited	Bermuda

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-150710) pertaining to the Colfax Corporation 2008 Omnibus Incentive Plan,
(2) Registration Statement (Form S-8 No. 333-173883) pertaining to the Colfax Corporation 401(K) Savings Plan Plus,
(3) Registration Statement (Form S-8 No. 333-183115) pertaining to the Colfax Corporation 2008 Omnibus Incentive Plan, as amended and restated April 2, 2012, and
(4) Registration Statement (Form S-3 No. 333-202233) of Colfax Corporation;

of our reports dated February 16, 2016, with respect to the consolidated financial statements and schedule of Colfax Corporation and the effectiveness of internal control over financial reporting of Colfax Corporation included in this Annual Report (Form 10-K) of Colfax Corporation for the year ended December 31, 2015.

/s/ Ernst & Young LLP

Baltimore, Maryland
February 16, 2016

Exhibit 31.01

CERTIFICATIONS

I, Matthew L. Trerotola, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 16, 2016

/s/ MATTHEW L. TREROTOLA

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

Exhibit 31.02

CERTIFICATIONS

I, C. Scott Brannan, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 16, 2016

/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, Matthew L. Trerotola, as President and Chief Executive Officer of Colfax Corporation (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

1. the annual report on Form 10-K of the Company for the period ended December 31, 2015 (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: February 16, 2016

/s/ MATTHEW L. TREROTOLA

Matthew L. Trerotola
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 annual report on Form 10-K of the Company for the period ended December 31, 2015 (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: February 16, 2016

/s/ C. SCOTT BRANNAN

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